

INTERNATIONAL NEWS

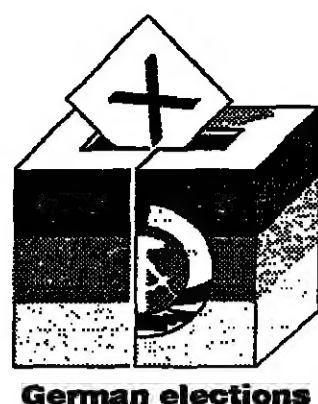
Kohl coalition shows strains on eve of German poll

By David Marsh in Bonn

SIGNS of latent strife between Bonn's governing parties emerged yesterday as Germany geared up for tomorrow's general election, which is expected to keep in power Chancellor Helmut Kohl's centre-right coalition.

Mr Kohl showed considerable irritation with the liberal Free Democratic Party (FDP), junior partners in the coalition, which has mounted a high-profile bid to boost its influence in the next government.

Mr Otto Lambrecht, the FDP leader, has been a thorn in Mr Kohl's flank recently, accusing the majority Christian Democrats (CDU) of blandness and inconsistency during its polling campaign. The FDP has also raised temperatures



German elections

within the coalition by calling for lower taxes in east Germany to try to revive the moribund economy there.

This suggestion is likely to be a source of wrangling after the election. Provided the CDU-led coalition is returned to power, government leaders hope for speedy completion of coalition bargaining to allow Mr Kohl's formal parliamentary re-election as Chancellor at a session of the Bundestag in Berlin on December 20.

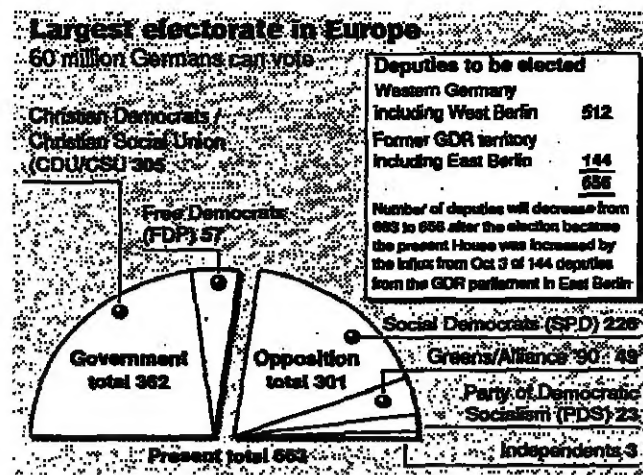
Yesterday Mr Kohl was stung into complaining that the FDP was "contravening elementary rules of fairness" by claiming that the CDU and its Bavarian sister, the Christian Social Union (CSU), were close to an absolute majority.

Mr Kohl's statement, on the eve of the first free elections for a united German parliament since 1932, declared that the FDP campaign allegations

were based on a false premise. Latest opinion polls give the CDU/CSU 49-45 per cent of the vote, close to the 44.3 per cent captured by the right in the last West German general election in January 1987.

The Free Democrat campaign line, raising the likelihood of a 50-per cent score for the CDU/CSU, represents a time-honoured FDP tactic to try to garner floating votes for the minority coalition party.

The FDP appears close to achieving 10 per cent of the votes, which would increase its weight in cabinet. Because its Bavarian strength automatically counts for less with enlargement of Germany, the Christian Social Union has already lowered its claims on government posts.



Scandals erode support for communists

By Leslie Collitt in Berlin

EAST Germany's former Communist Party, hit by financial scandals and a fresh exodus of members, is likely to make a dismal showing in tomorrow's all-German poll.

This week the Party of Democratic Socialism (PDS), the renamed reform-minded Communist party, faced allegations that it illegally pocketed more than DM100m (£31m) from investments in the West earlier this year. This follows other charges of financial abuses on a dizzying scale.

The result has been a new wave of resignations by disillusioned members, many of them ordinary east Germans who face unemployment in the new year. More than ever, the PDS has been reduced to a party of intellectuals.

"No, I don't want to know about them any more," muttered a retired east Berlin building worker, who admitted to recently quitting the party. Another man estimated the PDS would be lucky to gain 5 per cent of the vote in east Germany. "The party has no future," he said.

Although the PDS said it was not sure whether it had 250,000 or 300,000 members left - out of 2.3m communists in East Germany early last year - most political analysts agree it will clear the 5 per cent minimum vote hurdle needed to enter parliament in Bonn.



A Trahan passes election billboards for Chancellor Kohl and his SPD rival Oskar Lafontaine

But even an 8-10 per cent vote, as forecast by some polls, would be a far cry from the 16.3 per cent it got in the first free east German elections last March.

That result established the communists as the third largest political force in the country, with 1.8m supporters.

despite revelations of corruption in the leadership of the old Communist Party under Mr Erich Honecker.

Justice authorities in west Berlin have now accused the government of Mr Hans Modrow, the PDS prime minister of East Germany until last May, of concealing documents show-

ing that the party (as of last December) had speculative investments in the West amounting to more than DM1bn. The damage caused to the PDS by the suspicion that it is the inheritor of communist financial ways is likely to be reflected in tomorrow's final results.

Right-wing rebels without a cause

By Katherine Campbell

REUNIFICATION has provoked an identity crisis for us," grows Mr Martin Müssang, chairman of the extreme right-wing National Democratic Party, from the heart of his constituency in the backwoods of southern Germany.

The people of Tutzingen, an unprejudiced town near the source of the Danube and otherwise remarkable only as the production centre of the world's finest surgical instruments, gave 10 per cent of their votes in last October's local election for the NDP.

But the NDP, for years channelling its strident nationalism into the vision of a united Germany, has had the rug pulled from under its feet. History has just played into the lap of Chancellor Kohl, the former Bismarck, says Mr Müssang, ducking a question as to how many votes he expects the NDP to get in tomorrow's federal elections.

Less than two years ago, far right sympathisers re-elected in some forces behind the NDP and the less extreme Republicans in regional elections, provoking alarm at the spectre of rekindled neo-Nazism feeding on social deprivation.

But with German reunification a reality, Mr Müssang's

weapons are blunted.

He estimates membership of the NDP at 8,500 including 1,000 recruited in east Germany in the past few months. "We appeal primarily to the young," he says - and to males "perhaps because you need a thick skin."

While NDP rallies have been relatively free from physical harassment during this campaign, the party's posters do not survive the night. Mr Müssang ponders aloud whether it is worth once more erasing the "Fascism" never again" slogan daubed across his company name plate downstairs.

The influx of foreigners is his chief bogey, a topic he believes will soon regain its urgency. "Only our own race are suited to creating a reasonable and enduring order," he says. The alternative, as the party newspaper's slogan makes clear, is "Multi-cultural society - Chicago - death and misery."

Chicago? Mr Müssang explains: "Perhaps the films are to blame but Chicago is synonymous in the people's minds with the absolutely chaotic social structure... the absolutely most negative city in America."

West urged to mount big E Europe aid plan

By Ian Davidson in Paris

THE West should provide financial help for the political and economic transition in the Soviet Union and eastern Europe, both in debt relief and in new money, an OECD conference has concluded.

The three-day conference, which mustered 200 political and academic leaders from East and West, also suggested that the West should provide massive food, medical, and other humanitarian aid, as well as help to meet external shocks facing eastern Europe, such as the Soviet economic collapse, rising oil prices and higher interest rates.

A final statement said the rapid economic deterioration had reached crisis proportions in some east European countries and would get worse in 1991. It warned that the position of many reform-minded

governments and the durability of reform might be endangered by the lack of popular consensus.

"Some conference participants," it said, "raised the possibility that certain governments may soon have the unenviable choice of facing being swept aside or having to resort to force to maintain power, and perhaps also law and order."

Mr T D Stojan, Romanian finance minister, said afterwards: "We cannot survive without financial support; otherwise we may need to reassert control of resources." Professor Ivan Anguelov of Bulgaria warned ominously: "For the western community it must be easier and cheaper to move East some billions of financial assistance, than to face a human wave going West."

Gorbachev scraps visit to Moldavia

PRESIDENT Mikhail Gorbachev yesterday postponed a scheduled one-day visit to the restive republic of Moldavia, Reuters reports from Moscow.

Officials said there was fog at Kishinev airport in Moldova and Mr Gorbachev had to return to Moscow by evening.

The visit was to have been Gorbachev's first full trip within the Soviet Union in nearly a year. It was seen as a bid to deflect criticism over recent trips to Spain, France and Italy by giving a higher profile to his attempts to tackle the Soviet Union's divisions.

At the same time, the biggest Soviet republic, the Russian Federation, yesterday approved in principle a bill introducing private ownership of land. However, the controversial reform could still be emasculated by conservative amendments.

A special Congress of People's Deputies, the highest body of republican authority, voted overwhelmingly for the measure as part of a package of agrarian reforms which many economists regard as the key to improving food supplies.

The Congress affirmed the equality of multiple forms of property: state, co-operative, private, and collective shareholding.

Virtually all agricultural land in the Russian Federation, which accounts for three quarters of Soviet territory, is controlled by more than 24,000 state-run and co-operative farms.

President Gorbachev said this week he was opposed to private ownership of land.

Five die in Egypt riots and gun battles during elections

FIVE people were killed and 92 were injured in gun battles and riots during Egypt's general elections, according to security sources, agencies report from Cairo.

Initial election results declared yesterday showed strong gains by independent candidates, with Egypt's second largest city Alexandria poised to fall to government opponents.

The worst violence in Thursday's voting was near the Mediterranean port of Damietta, where police and villagers exchanged gunfire and security force vehicles were set ablaze, the security sources said.

Four people were killed and 63, including two policemen, were hurt when villagers tried to storm voting stations and mark all ballot papers with the name of their favoured candidate, a Nasserite.

The fifth person to die in election violence was a woman, killed when supporters of one candidate and three policemen hurt in a clash at Mellawi.

Egypt's national news agency Mena reported yesterday early results of 71 contested parliamentary seats. More than 25 per cent - 18 seats - were taken by independents.

Of the more than 18m eligible voters, only 30 per cent turned out in Cairo but as many as 70 per cent in the countryside.

Many Egyptians did not

bother to vote because they see the 454-seat People's Assembly as a rubber stamp of the government's policies.

These elections were especially lacklustre because the main opposition parties boycotted them.

Mubarak's party, which has held sweeping majorities of more than 75 per cent in the three parliaments since he became president in 1981, was sure to maintain if not increase its sway in the parliament.

The fundamentalist Muslim Brotherhood, banned since 1954 but tolerated by the government, and three parties stayed away from the contest. They are the right-of-centre New Wafd, left-of-centre Socialist Labor and centrist Liberals. In the disbanded assembly, they comprised the largest opposition ever.

Record budget deficit for Greece

By Kerin Hope in Athens

THE Greek finance minister, Mr Ioannis Paleocercas, yesterday proposed a record budget deficit for 1991. However, he also announced measures to increase revenues from January, when a three-year economic stabilisation plan takes effect.

The budget predicts a Dr 2,120bn (\$1.1bn) deficit, a 2.6 per cent rise from this year's forecast of Dr 2,070bn.

Mr Paleocercas said: "Our deficit situation is really tragic, and we must get the message across that spending has to be restrained at every level."

Yearly interest on private bank deposits and non-government bonds will be taxed at 10

Saudis poised to seal big French missiles contract

By William Dawkins in Paris

SAUDI Arabia is negotiating with the French government to buy more than FF30bn (£300m) of Crotale short-range surface-to-air missiles, made by Thomson-CSF, the state defence electronics group.

The deal, for six mobile missile batteries, is part of the Saudi government's efforts to build up its defences in the wake of Iraq's invasion of Kuwait. It follows a visit to the kingdom by Mr Jean-Pierre Chevènement, the French defence minister, two months ago, in which he underlined France's eagerness to pursue

arms deals with Saudi Arabia.

It is understood that the missiles would be drawn from French army stocks to allow fast delivery. The kingdom has a significant battery of Crotale, dating from its first purchase in 1980.

Sofresa, the French defence ministry export agency handling the deal, has sold FF12bn of defence equipment to Saudi Arabia so far this year, not including this latest contract. This is out of total sales of FF135bn of all defence equipment to the kingdom since Sofresa's creation in 1974.

Record budget deficit for Greece

per cent from January, while a capital gains tax of up to 25 per cent will be imposed on property transfers.

Stricter measures to reduce tax evasion by self-employed professionals would be applied, and farmers who produce crops valued at more than Dr10m annually would become liable for income tax for the first time, Mr Paleocercas said.

As a result, overall revenues in 1991 are slated to rise by almost 44 per cent to Dr4,300bn. Expenditure should go up by 25.5 per cent to Dr5,400bn.

The tax reforms underline Greece's new-found willingness to conform with its European

Community partners on fiscal matters. In fact, the Conservative Government worked in close co-ordination with European Commission experts to prepare the 1991 budget.

This was partly to ensure that funding from the EC's structural funds, which makes up a large proportion of next year's Dr570bn public investment budget, would be effectively handled.

EC structural funds would be administered entirely separately to ensure their unimpeded use for EC-backed projects.

He added that 1991 growth would be close to this year's figure of 1.2 per cent.

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Brady sets out his blueprint for US financial reform

By Patrick Harverson in Boca Raton, Florida

MR NICHOLAS Brady, the US Treasury Secretary, yesterday outlined the blueprint for a complete overhaul of the beleaguered US financial system.

Mr Brady, speaking to the annual convention of the Securities Industries Association in Boca Raton, said fundamental reform was required to a legal and regulatory financial structure that was "outmoded, burdensome and inefficient."

Flaws in the system had contributed significantly to current difficulties faced by financial institutions in the US.

The Treasury's proposed reforms include:

- Overhaul of the federal deposit insurance system, whereby the US government insures all deposits by customers in domestic banks. This could include narrowing the protection provided by federal deposit insurance.
- Breaking down of barriers between financial institutions, especially between banks and securities firms. This would involve revising the Glass-Steagall Act (which enshrines separation of banks and securities firms) and the Bank Holding Company Act, which prevents most US companies from buying US banks. Under the proposals, banks could conduct all securities business and securities firms could own US banks.
- Removal of restrictions on interstate banking to permit banks to operate branches nationwide.
- Limitation of US taxpayers' exposure to losses incurred by

firms conducting newly authorised financial activities. This would mean placing banks' securities business outside protection of federal deposit insurance.

- Increased resources for the Bank Insurance Fund, the body which distributes money claimed under federal deposit insurance. The plan to strengthen the fund would draw on banking industry resources so as not to burden taxpayers. The fund has been weakened by collapse of the savings and loan industry, which is now estimated to be costing the US \$600bn.

The proposals to restructure the financial system have been drawn up by the Treasury over the past year and are expected to be formally unveiled in January. Treasury officials hope the proposals will form the framework for new legislation which could be in place before the end of 1991.

The Treasury's planned reforms, which are supported by the securities industry and the Securities and Exchange Commission, represent an attempt to rebuild the current delapidated US financial system. Commercial banks are over-loaded with debt and face additional write-offs of their unsafe loans, which threaten the existence of many of the country's 12,500 banks.

The securities industry is in its fourth year of recession, profits have fallen sharply, over 50,000 jobs have been lost since 1987, with more redundancies in the pipeline.

NEWS IN BRIEF

Church backs Walesa's bid for presidency

POLAND'S Roman Catholic bishops yesterday threw their weight behind Mr Lech Walesa's presidential bid as a new opinion poll gave the Solidarity leader a 58 to 30 per cent lead over outsider Mr Stanislaw Tyminski, Reuters reports from Warsaw. "Our collective wish is to elect the president of our state is also a moral duty," the bishops said, calling for a run-off in the December 9 run-off between Mr Walesa and Mr Tyminski.

Poland has warned that it may deport tens of thousands of impoverished Romanians who are living in squalor after flocking to the country to beg and trade. Deputy Interior Minister Jerzy Zimowski told the Sejm (lower house) that 60,000 Romanians were in the country, many of them exploited, and that the problem had reached dangerously high proportions.

Japanese aid for Soviet Union

Japan will provide its first medical assistance to the Soviet Union since the Second World War to help ease shortages there this winter, the foreign ministry announced yesterday. AP reports from Tokyo. Along with the emergency aid, Japan will supply ¥2.6bn (\$10m) of equipment and technological help for victims of the 1986 Chernobyl nuclear disaster.

Fire sweeps Brussels bourse

Fire swept through the ornate Brussels bourse yesterday, causing extensive damage just one day after Belgium passed far-reaching stock exchange reform laws. Reuters reports from Brussels. No injuries were reported, but damage on the trading floor and in dealers' offices kept the bourse shut yesterday and could keep it closed early next week. The fire was apparently caused by the explosion of an electrical mains junction box.

Canadian economy in recession

Canada is officially in recession, with figures published yesterday showing that output fell in both the second and third quarters, writes Bernard Simon in Toronto.

Statistics Canada said gross domestic product contracted at a compound annual rate of 1 per cent between July and September measured in constant 1986 prices, following a 1.2 per cent decline in the previous three months.

Business investment has been especially weak, plunging by 3.2 per cent in real terms in the third quarter, but government spending rose by 1.3 per cent. Domestic economic activity has been hit by unusually high interest rates relative to the US, while the strong Canadian dollar has held down export earnings.

French buy Hungarian daily

France's Hesperis media group is to take a 40 per cent stake in Magyar Nemzet, the last of Hungary's leading daily newspapers without a foreign owner, in the first step of a planned investment of \$7m in Hungarian publishing, writes Nick Denton in Budapest.

Hesperis will pay FF55m (\$400,000) for its share in the daily, and plans to invest a further \$5m over the course of next year in a modern press which will print Magyar Nemzet.

Nomura Securities, the world's biggest broker, said yesterday it planned to open an investment bank subsidiary in Hungary in January with the commercial lending arm of the World Bank and three Hungarian institutions, Reuters reports from Tokyo.

Pemex plans \$6.8bn investment

Petroleos Mexicanos (Pemex), the Mexican state oil corporation, is planning a \$6.8bn investment programme over the next six years aimed at increasing its oil and gas production, writes Richard Johns in Monterrey.

France calls for curb on cheap foie gras imports

By William Dawkins in Paris

FRENCH producers of foie gras de canard are calling for curbs on a surge of cheap imports from eastern Europe and Israel, but have received a dusty initial response from the European Commission.

A sympathetic Mr Louis Mermeas, Agriculture Minister, has asked the Commission for clearance to freeze imports at their present record level of 10 per cent of French consumption.

Brussels says there is not enough evidence to justify this and has asked the Paris government to give more information, according to one of Mr Mermeas's advisers.

This is a sensitive season for

foie gras producers, since the French - by the far the world's biggest consumers - buy a large part of their supplies ahead of Christmas, when this creamy delicacy holds a near-sacred status as a staple hors d'oeuvre.

Imports of Hungarian foie gras alone have risen by 65 per cent in the first seven months of the year, and sell for less than the locally made product from south-western France.

Producers claim that much Hungarian foie gras tends to come from female birds, rather than drakes, whose livers are richer and smoother.

France produces about 6,000 tonnes of foie gras annually.

Moscow struggling to find new aid rationale

By Peter Montagnon, World Trade Editor

THE SOVIET Union is struggling to find a new rationale for its overseas development aid in the wake of perestroika and the end of the Cold War, according to Ms Elena Arleeva, a leading research fellow from its Academy of Science.

Western estimates suggest that Soviet aid flows amounted to the equivalent of \$4bn (£2bn) in 1989.

This not only constitutes a heavy drain on the government's budget, the application of funds has traditionally been haphazard and misguided for want of a proper development model, Ms Arleeva says in the Overseas Development Institute's latest quarterly review.

Before perestroika, Soviet aid was motivated by the purely ideological aim of furthering socialism in developing countries. Three quarters of it went to Cuba, Vietnam and Mongolia.

There was almost no economic or commercial rationale behind aid spending and, contrary to many Western assumptions, the motive of national security or commercial advantage was largely absent. Aid was frequently extended through concessionary trade at artificial prices. This ended up damaging both the recipient and the donor, she says.

Thus cheap imports of Cuban sugar obscured the need

for the Soviet Union to develop its own beet industry. Cuba has been left dependent on aid for half its gross national product.

In development terms, the partnership with Cuba was condemned to failure from the outset, she adds. "It should have been an import-substituting economy, linked by non-market ties to Comecon countries, but an export-oriented economy, based on tropical agriculture, tourism and mining. Instead the Soviet Union invested huge resources in all kinds of heavy industry and infrastructure, making the country a net consumer of external resources."

In future the Soviet Union

will have to align its aid policies much closer with those of the West, channelling more money through multilateral institutions.

This could eventually include co-financing arrangements with the World Bank, an idea which Ms Arleeva says is under consideration in Moscow and would help build a relationship of confidence between the bank and Soviet aid agencies.

Given the Soviet Union's current economic problems, there is strong pressure for the aid budget to be cut. Ms Arleeva says supporters of keeping up the high level of aid are losing the argument, but the discussion still does not go

deep enough into the problem of efficiency, especially as regards the recipient countries.

There is room for cuts in military assistance and in wasteful aid of the type granted to Cuba, she says.

But cuts should not be made in humanitarian aid, aid to the least developed countries and in assistance to countries hit by armed conflicts which were brought about indirectly by the Cold War.

The article also draws attention to the large volume of outstanding Soviet credits to developing countries. At the latest count these amounted to \$56.5bn of which \$45.2bn had been rescheduled between 1986 and 1989.

The Financial Times (Europe) Ltd
Published daily except on Sundays and public holidays
(Europe) Ltd, Frankfurt Branch
Grafstrasse 54, 6000 Frankfurt-am-Main 1
Telephone 069-72726; Fax 069-722677; Telex 416195 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurt Societate-Drukeri-Grafbr. Frankfurt/Main. Responsible editor: Sir Geoffrey Owen. Financial Times, Number One Southwark Bridge, London SE1 9HT. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HT. Company incorporated in the law of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Ltd, The Financial Times Limited. Publishing director: R. Higgins, 168 Rue de Rivoli, 75004 Paris Cedex 01. Tel: (01) 427 0671; Fax: (01) 427 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 1521 Rue de Clichy, 91000 Roissy Cedex 1, ISSN: ISSN 1473-7533. Commission Paritaire No 678082.

Financial Times (Scandinavia) Offsets, 44, DR-1100 Copenhagen K, Denmark. Telephone (33) 13 44 41. Fax (33) 935333.

DEVICOLSCO

INTERNATIONAL NEWS

Concern rises as Tokyo inflation hits 9-year high

By Stefan Wagstyl in Tokyo

INFLATION in Tokyo reached 3.9 per cent last month, the highest since 1981, adding to concern about rising prices in Japan.

The Bank of Japan, which has raised interest rates over the past 18 months to curb inflation, is likely to maintain its tight grip on credit and keep short-term interest rates high.

Mr Russell Jones, an economist at UBS Phillips & Drew, said: "This figure is very disturbing. I don't see the Bank of Japan relaxing monetary policy for at least two or three months."

Prices last month were boosted by the impact of bad weather on fresh food prices, which were 55.6 per cent higher than in November last year. The government's management and co-ordination agency said that if fresh food was excluded the inflation rate would have been 3.3 per cent, only 0.2 percentage points above the 3.1 per cent recorded in October. Another special factor was a rise in heating oil and other petroleum product prices due to the Gulf crisis.

Meanwhile inflationary pressures in the labour market remain strong. According to the ministry of labour, the jobs on offer in October exceeded

the number of jobseekers by a ratio of 1.43 to the sixth month in a row that the ratio stood above 1.4. Shortages were particularly severe in services, including retailing and wholesaling. Department stores have complained that they are unable to hire temporary workers to deliver New Year's gifts. Students, the traditional employees, have already been snapped by bars, restaurants and others.

● **TTP:** flow of capital out of Japan, one of the key movements in world financial markets in the 1980s was exceeded by the flow of capital into the country for the second successive month in October.

It was the first time since January and February 1981 that the net figure on Japan's long-term capital account showed a surplus. The net inflow in October was \$7.1bn, up from \$5.7bn in September. The main reason was that Japanese investors continued to sell foreign securities in large quantities. Net \$2.7bn against \$1.4bn in September.

The current account balance was in surplus to the tune of \$2.7bn, down from \$3.7bn in September. The merchandise trade surplus expanded from \$3.97bn to \$4.48bn, but the balance on invisibles widened.

South Africa's draft dodgers trickle home

Much has changed since would-be conscripts fled into exile, writes Philip Gawth

THE ten draft resisters who return to South Africa today come home to a much changed country, and military environment.

"They left South Africa when it was widely accepted as a military state. They're coming back to a democratising country," said one anti-conscription activist.

How the authorities will react is not clear. They have begun the process of releasing political prisoners, and conscripts - 10,000 have fled the country - can no doubt claim that avoiding military service is a political crime which should be amnestied.

But such an action by the authorities might be seen as a de facto abandonment of conscription, something which they have yet to accept. A committee under General Jan van Loggerenberg, Chief of the Air Force, recently studied the question of conscription, but their findings have not been made public.

A case this week, however, may provide a pointer. An objector was sentenced to community service rather than prison, invariably the case in the past.

In the late 1970s compulsory conscription was raised to an initial period of two years (plus two years in the form of annual camps) when the country became more embroiled in the war against Swapo, the Nam-

ibian nationalist movement, and internal unrest levels escalated after the 1976 Soweto riots. Only white men are conscripted.

From the outset many young men fled to avoid conscription. A brave few - approximately 25 - refused conscription, but stayed in the country to be tried and jailed for up to six years.

Objectors normally avoided conscription for a mixture of moral and pragmatic reasons. Many felt that Swapo's fight for independence was justified, and giving up two years to a dubious cause was not considered a worthwhile sacrifice.

Objectors argued that their moral case was considerably bolstered after 1984 when troops were deployed to quell township unrest. The increasingly politicised role of the army was matched by an ever greater exodus of young men avoiding the draft.

The cost to the country in loss of skilled manpower was enormous. Research by Mr David Shandler at Wits University suggests that, the brain drain was costing the country about \$20bn a year. Avoiding conscription was not the only reason people left, but it was a major factor. His research, in 1989, found that half of the year's English speaking graduates, in professional subjects, were considering leaving "in the main because of conscription".



CALLED UP: A grim-faced recruit arrives to begin his military service

Now the situation has eased. Just as some are coming back, so fewer are leaving. Last year the period of military service was cut to one year.

The ten will return to find the army still coming to terms with its altered role.

Externally, it faces a changed world. The Namibian war is over and not even General Mag-

nus Malan, the hawkish defence minister, can detect expansionist ambitions in the ailing Soviet empire. At home the army enjoys reduced prominence in public life. President F W de Klerk has a stronger instinct for civil society than his predecessor, Mr P W Botha, whose roots were firmly in the defence establishment. This is reflected in a

real cut of 16 per cent in the 1990 defence budget with more cuts expected.

Ironically, the major obstacle to South Africa reaping its "peace dividend" is the high levels of township violence. Residents often call for the army rather than the police, and this makes it harder to trim defence spending.

Return of exiles will test call-up

PRETORIA'S attitude to enforcing conscription will receive a key test today with the return of 10 white South Africans who have spent years exiled in Britain to avoid serving in the armed forces, Our Foreign Staff writes.

Unlike members of the African National Congress whose return from abroad has been agreed by the government, no amnesty has been granted for South African draft resisters, who are believed to number up to 10,000 worldwide.

It is expected that the 10 will face call-up into the South African Defence Force once they have re-settled, and prosecution if they decline to serve. All have pledged to refuse any call-up.

Courts have recently begun taking a more lenient attitude to conscientious objectors who have chosen to stay in the country.

The departure of the 10 concludes the 12-year existence of the Committee on South African War Resistance (Cosawr), a campaigning and support group. Cosawr's activities will be merged with those of the End Conscription Campaign (ECC), based inside South Africa.

Both argue that a white conscript army is incompatible with moves towards a non-racial South Africa.

Confused men turn to fuzzy logic

By Stefan Wagstyl

WATERPROOF telephones, Italian restaurants and washing machines simple enough for men to operate were the hit products of the year in Japan, according to a survey published yesterday.

Dentsu, the advertising agency, said a search for "comfortable alternatives" has motivated the Japanese consumer in 1990.

Cordless telephones of all kinds were selling well even last year. Makers capitalised on the boom to launch new models - including remote-controlled and waterproof versions for use in the bath.

Italian restaurants were popular because Japanese like the casual atmosphere and the light food. Women also went for low-alcohol drinks with cute names such as Suntory's Miss Peach Fizz and Meridian's Original Peachtree Fizz.

The health-conscious drank more mineral water and unsweetened canned drinks than ever before - including

sugar-free tea and coffee. "Healthy, sexy and beautiful" seem to be the three desires of many young Japanese, says Dentsu, pointing out that fitness clubs were also popular. So were so-called "stress-eliminating goods" such as recordings of biophysical waves, designed to induce sleep.

A hot summer was a boon to brewers. Kirin Beer, the market leader, at last found a product which out-sold Dry Beer, a hit launched three years ago by rival Asahi Beer. Ichiban-shibori, a premium-priced luxury beer, registered even more rapid sales growth than Dry Beer when it was launched.

Consumers were also attracted to a new generation of household appliances featuring "fuzzy logic" - an operating system which replaces many of the complicated controls on traditional equipment.

Washing machines, vacuum cleaners, microwave ovens and air conditioners incorporating fuzzy logic were all popular.

Chad rebels seize town

REBEL forces trying to topple the Chad government captured the largest eastern town, bypassing French troops based there and moving in without a fight, the French Foreign Ministry said yesterday. AP reports from Paris.

The taking of Abeche, 500 miles from the capital of N'Djamena, was the rebels' biggest gain in a three-week offensive. The government of President Hissene Habre said recent fighting had been of "great violence" but made no mention of a rebel takeover at Abeche.

Government forces reportedly retreated westward to the town of Oum Hadjer before the rebels moved into Abeche, about 60 miles away.

The 500 French soldiers based around the airport in Abeche were not confronted by the rebels and did not oppose the takeover, the foreign ministry said. Chad is a former French colony, and French

troops are there under a defence agreement.

Chad says the rebels, based in neighbouring Sudan, are backed by Libya, which occupied northern Chad in 1986 before being chased out the following year. France claims that this time the fighting is among Chadians.

Libya denies any involvement in the rebel offensive, which began on November 10 under the command of Idriss Deby, who acted as military adviser to President Hissene Habre after helping bring him to power in 1982. Deby fled in April 1989 amid allegations of a coup plot.

Chad contends the rebel offensive is a fresh effort by Libya to take over the country. Despite a peace treaty signed in 1986, the two countries continue to dispute the Libyan-occupied Aouzou Strip, a mineral-rich stretch of land on Chad's northern frontier.

Australian executives faced with charges

By Kevin Brown in Sydney

AUSTRALIA'S corporate regulatory authorities yesterday brought charges against several businessmen in the latest phase of a tougher stance on alleged corporate crime.

The most prominent was Mr Laurie Connell, former head of the failed Rothwells merchant bank, who was arrested in Perth and charged on 44 counts under the Western Australia criminal and companies codes.

The charges follow an investigation of the collapse of Rothwells by Mr Malcolm McCusker, QC, a special investigator appointed by the Western Australia state government.

Mr Connell is already facing several charges brought before the publication of the McCusker report which allege conspiracy to defraud in connection with statements in the bank's 1987 and 1988 accounts. He denies all the charges.

The McCusker report alleged Mr Connell falsified the accounts to hide debts of up to A\$500m. It also alleged that Mr Connell made a series of sham payments to Mr Alan Bond, a

fellow Perth businessman whose Bond Corporation holdings collapsed earlier this year.

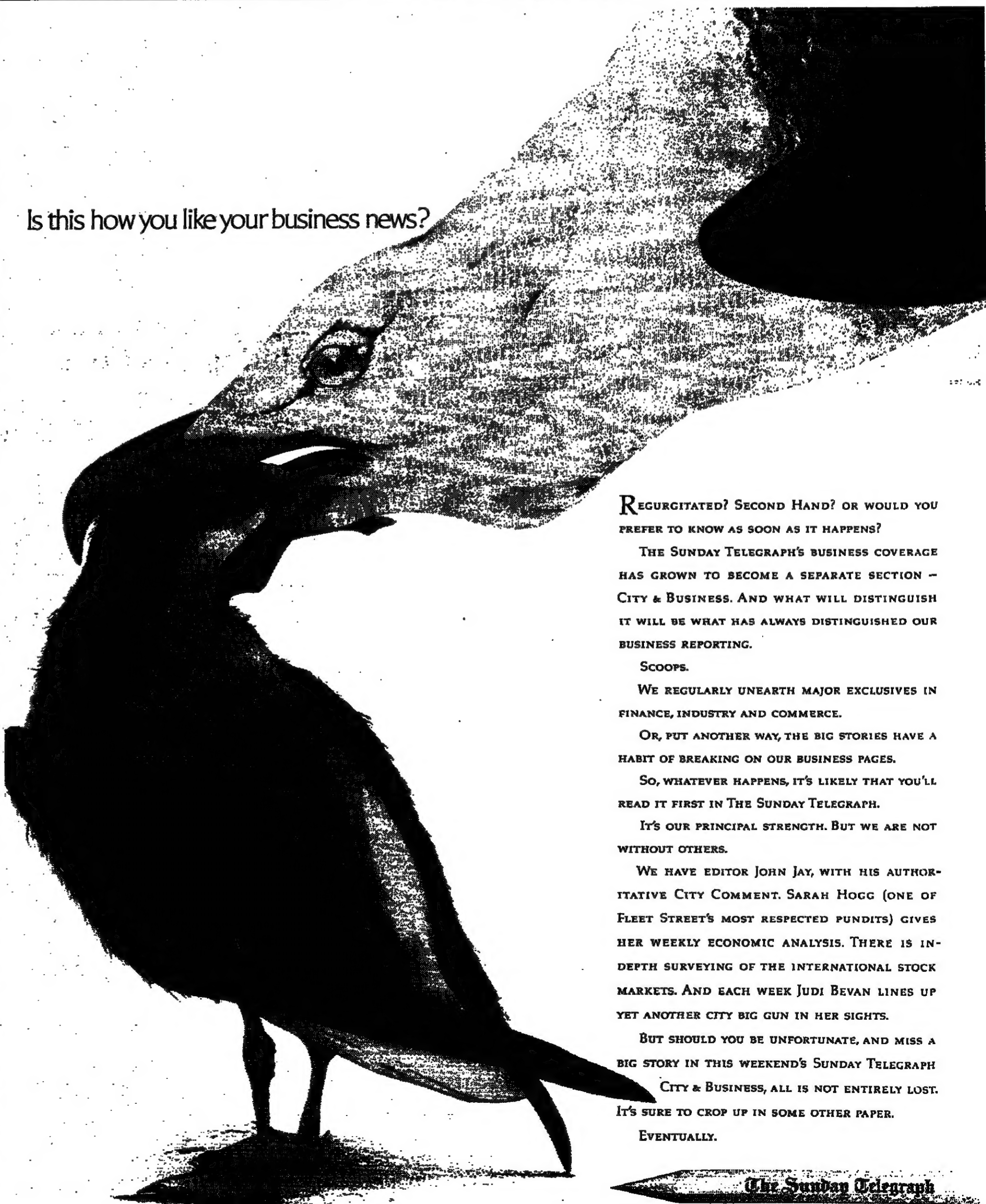
Charges relating to Rothwells were also brought yesterday against Mr Dallas Dempster and Mr Thomas Huggill, an accountant who is already in prison after being convicted of earlier offences.

In Sydney, the New South Wales state government said it would bring 12 charges against Mr Garry Carter, former chairman of the Entity Group.

The National Companies and Securities Commission also announced that the Victorian Supreme Court had found three directors guilty of illegally conspiring to gain control of a local company called Keygrowth. The NCSC said it was the first time such charges had been upheld in Australia.

The developments in the three states reflect the changing attitude towards corporate crime in Australia following complaints by leading businessmen that the country was suffering from its image as a haven for "corporate cowboys."

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EVENTUALLY.

The Sunday Telegraph

UK NEWS

Hurd supporters gain places in the government

By Ralph Atkins and Ivor Owen

TWO MPs who campaigned for Mr Douglas Hurd, the foreign secretary, in the Conservative leadership contest were given places in the government for the first time yesterday by Mr John Major.

Mr Tim Yeo, MP for Suffolk South, and Miss Ann Widdecombe, MP for Maidstone, became junior ministers at the departments of environment and social security respectively.

Mr Yeo served Mr Hurd as parliamentary private secretary at the Home Office and Foreign Office. A former company director, he has been involved in the Commons for his work on behalf of underprivileged children.

Miss Widdecombe is a leading advocate of the pro-life cause and was in the forefront of the successful campaign to prevent any further relaxation of the law on abortion.

Also joining the government yesterday was Mr Michael Jack, MP for Fylde, who becomes a junior minister at the social security department. He is a former sales director and previously worked as personal assistant to Lord Rayner at Marks and Spencer.

Mr Major has limited the scope of his reshuffle to minimise disruption and ensure continuity. He has been anxious to honour his commitment to unify the party.

He re-appointed Mr Graham Bright, MP for Luton South, as his parliamentary private secretary - an unpaid job that includes acting as the prime minister's "eyes and ears" at the Commons.

Two existing junior ministers exchange departments. Mr Tony Baldry moved from energy to environment while Mr David Heathcoat-Amory moved in the opposite direction.

Downing Street said that Mr Robert Atkins would remain as sports minister but would switch from operating as part of the environment department to the education department.

In other developments, Mr Robin Harris has resigned as deputy of the seven-strong policy unit at 10 Downing Street, which acted as a research department for Mrs Margaret Thatcher.

A review of the unit by Mr Major next week is expected to see further casualties, possibly including Professor Brian Griffiths, the unit's head.

James Buxton writes: Mr Michael Forsyth, the controversial Thatcherite MP, was yesterday confirmed by Mr Major as minister at the Scottish Office under Mr Ian Lang, the new Scottish secretary ending speculation that he might be dropped from the government or moved to another department.

The prime minister appointed Mr Allan Stewart, MP for Eastwood, who served



Tim Yeo: prominent role in Hurd campaign



Anne Widdecombe: leading pro-life advocate



Allan Stewart: promoted after Rifkind move

in the Scottish Office up to 1986, as parliamentary under-secretary responsible for education and local government, to fill the gap created by the departure of Mr Malcolm Rifkind, the former Scottish secretary, to become transport secretary, and his replacement by Mr Lang.

Mr Forsyth, who was close to Mrs Thatcher, was chairman of the Scottish Conservative party for 14 months until September, when Mrs Thatcher was obliged by pressure from senior Scottish Tories to sack him because of his unpopularity in much of the party. But she simultaneously elevated him from parliamentary under-secretary to minister of state.

To delve or not into Dulwich's delights

Jimmy Burns explains why the Thatchers will not be joining in the life of this village

MR Barney Maguire, manager of the Crown and Greyhound pub in Dulwich village, was hoping that the Thatchers might pop down for a drink this weekend.

"Now that the fms has died down a bit, it would be wonderful if they could lead a normal life and settle down in Dulwich," Mr Maguire said.

But the prospect of either her or her husband celebrating their new station in life with a quick G & T at their local seems unlikely.

Having moved back into their Dulwich home - bought in 1985 for something over £350,000 - the Thatchers might well be considering once again the delights the village has to offer.

For Her smart designer blue suits at Studio 45 or some lash-and-brow tinting and aromatherapy at The Beauty Clinic. For Him: the Dulwich and Sydenham Golf Club. For Him and Her, a walk in pastoral bliss through nearby Dulwich Park, amid the squirrels and the geese, or a quick bite at Sweeney Todd's, where today's special is the "You'll Never Walk Alone" hamburger.

Consider it they might, like any retired couple might. The problem of course is that Mrs and Mrs T. are not any retired couple.

With its loft walls, iron gates and video cameras, her Dulwich home looks as protected as Fort Knox. But it is by no means certain they will be entirely enthusiastic about settling in Dulwich.

"This is an area for affluent young couples who want to send their children to the local public schools," said one local resident.

Although they have had their house since 1985, the



Home Secure Home: iron gates, 10ft walls, video cameras guard the Thatcher house

Thatchers have not made a great effort to be part of the local scene. Ms Inga Jones, the press officer at the Dulwich Picture Gallery, which has launched a £200,000 appeal, regrets that Mrs Thatcher's contribution so far to the gallery has been to plant a tree locally and borrow two pictures for Number 10 - a Gainsborough and a Hogarth.

Over the last week, the Thatchers have become Friends of the Dulwich Picture Gallery - which houses some of the finest works of art in the country - but the minimum £10 annual subscription was paid for by an admirer of the former prime minister.

While speculation is rife that the Thatchers would like to go

and live in Buckinghamshire, they are under no financial pressure to move. Nor does getting further away from Westminster appear to be a priority. Since her departure from the Cabinet, Mrs Thatcher's annual salary has fallen from £55,221 to £26,701. But she still continues to benefit from her husband Denis's income which is derived from his wide-ranging business interests.

Mr Thatcher was born into the enterprise culture - long before the phrase was coined. His grandfather broadened his farming interests into a lucrative family business, Atlas Preservative Company, specialising in weed-killer and sheep dip.

By the time the company

was handed down to Denis, it had further expanded into paint and other chemical products and was, according to Mrs Thatcher's unofficial biographer Hugo Young, "making good money for the family".

The sale of the family firm to Castrol in 1985 raised £560,000. Castrol was subsequently taken over by Burnah Oil, where Mr Thatcher was to sit on the board until 1975.

Today, 10 years on from his official retirement age, Mr Thatcher retains non-executive directorships of two companies, Attwoods and Echlin Europe.

Business associates and friends insist that there are no plans as yet for Mr Thatcher to trim his business interests or

to have them curbed by his employers, now that he is the husband of an ex-prime minister.

There appears to be a similar certainty that Mrs Thatcher will not be content with being a mere backbencher. Yesterday, computers, faxes, telephones and eight staff drawn from 28 companies, Conservative Central Office, and the previous Number 10 household - had moved into Mrs Thatcher's new offices in Westminster.

Not for Mrs Thatcher the modest rooms normally accorded to backbenchers. Her new centre of operations is a three-floor Georgian mansion at number 11 Great College Street, donated to her by her friend and former Tory treasurer, Lord McAlpine.

According to Julie, one of her new spokespersons, Mrs Thatcher was this weekend planning to stay in her Dulwich home, where she will start replying to the 40,000 letters she has received since the Tory leadership crisis began. Beyond that, Mrs Thatcher will not be short of offers suggesting how she may fill her time.

Lord Forte yesterday insisted that Mrs Thatcher "will be outstanding in any job she chooses for the future", although companies are not as yet tripping over each other to bring the former head of Great Britain PLC on to their boards.

Yet, unlike her predecessors Lord Wilson and Lord Callaghan, Mrs Thatcher is unlikely to be content with simply writing her memoirs.

Would she use her new offices to relaunch her political career? "To be perfectly honest," confessed someone at her office last night, "I don't know what her plans are."

PM's classless vision strikes common chord

A CLASSLESS Britain within the next 10 years - it was clear from Mr John Major's first prime minister's question time on Thursday that his vision of an "open society of opportunity" has struck a chord on both sides of the Commons.

Critics will argue that in the past 10 years, Conservative governments in which Mr Major has served have made class divisions worse. Some of his friends will wish that his first prime ministerial pledge had been something more easily achievable.

Either way, Britain's new humble-origins prime minister has placed social class, a subject with few equals for altering the public, high on the national agenda.

Ironically, he has done so just as some sociologists are questioning whether the concept's validity as a means of analysing divisions in society has been undermined by widespread shifts to white-collar employment and a decade of individualistic, consumeristic Thatcherism.

Mr Major's references to people rising according to their talent and abilities show that he seeks a more meritocratic society, not a classless one involving steps such as the abolition of fee-paying education. But the term classless has struck, as it was bound to, given Mr Major's background.

The most powerful secular post in the land is now occupied by the son of a one-time trapeze artist who left school at 16. By coincidence, the highest sacred post is about to be filled by a man with a remarkably similar background - Dr George Carey, who becomes Archbishop of Canterbury in the new year, is the son of a hospital porter who left secondary modern school at 15.

Mr Major's concept of an open society of opportunity contains a vision of a country classless in the sense that there would no longer be anything unusual or noteworthy about the talented children of trapeze artists and hospital porters becoming prime ministers or archbishops. If that is an ideal, how far is Britain from achieving it?

When he was named Archbishop of Canterbury, Dr Carey became the most famous old boy of the former Bifrons secondary modern school at Dagenham, east London. In fact, he was already its most famous old boy in his present position as Bishop of Bath and Wells, and probably when he was vicar of St Nicholas, Durham, for that matter.

Unlike Britain's ancient public schools, secondary moderns in working-class districts are not usually strong on internationally famous ex-pupils. The old Dagenham grammar, with which Dr Carey's former



John Major: pledge of open society of opportunity

school has now amalgamated to form Sydney Russell comprehensive, produced Dudley Moore. After that, the list starts running out.

Access to higher education remains unbalanced on "class" lines. Of 79,000 students accepted for places at British universities last year, 99.9 per cent had parents in professional, managerial or senior administrative occupations. That compared with 23 per cent with parents in skilled occupations and 6 per cent in partly-skilled. Only about 1 per cent of entrants came from homes where parents were unskilled.

Such an overwhelming distribution in favour of children of the higher social groups shows dramatically in areas such as Barking and Dagenham, a predominantly working-class borough.

In spite of large-scale expan-



Dr Carey: hospital porter's son turned archbishop

sion of the universities and polytechnics since Dr Carey left school 40 years ago, the borough's school leavers are still likely to do as he did - leaving school to work for the London Electricity Board - rather than going into higher education. Only 30 young people aged 18 and 19 from the borough entered university last year - one of the lowest levels in the country. By comparison, the more advantaged London borough of Barnet sent 590 and Bromley 432.

As Mr Major has already discovered, however, progress towards his society of more open opportunity is not only a question of breaking down old, traditionally defined class barriers. People in relatively high social positions can still feel part of disadvantaged groups as the first row of his premiership - over the absence of women in the cabinet - illustrated.

Britain's ethnic minorities are often in that position. Black people are more likely to face difficulty in finding jobs, whatever their level of qualification.

A fundamental issue for any government concerned with creating a more classless society involves these minorities, however class structure is defined, at the bottom of it. During the 1980s, the proportion of people receiving social security benefits increased by two thirds, and a recent study by the Institute for Fiscal Studies showed that those relying on benefits became worse off compared with the rest of the population.

Mr Major is likely to find himself facing frequent reminders of his commitment to a classless society just as political opponents did not allow Mrs Margaret Thatcher to forget her pledge, on the night of her 1987 election victory, to take action over the inner cities. The two undertakings share common roots - it is in the inner cities and run-down council estates that many of the most glaring examples of limited opportunities are to be found.

Alan Pike

Rover plans to cut 500 jobs as car sales sag

By Kevin Dona, Motor Industry Correspondent

ROVER, the leading UK car maker, is planning to cut about 500 jobs during the next year in the engine and gearbox operations at its plant at Longbridge, Birmingham.

The cuts are a direct result of the falling sales of Rover's Maestro, Montego and 800 ranges, which are all produced at its assembly plant at Cowley, Oxford.

Production of the Maestro and Montego ranges is due to be phased out in the early 1990s, and falling output of these models has already led to the announcement of cuts in the workforce at Cowley and at Rover's main body panel pressing plant at Swindon.

The workforce of the Longbridge powertrain plants (engines and gearboxes) is to be cut from about 5,000 to 2,500 over the next 12 months as a result of falling demand for Rover's 2-litre O-series and M16 engines, which are used in the Maestro and Montego and 800 ranges. Output of the engines is due to fall from 740 a week to 470-500 a week during next year.

Last week Rover said it was cutting 328 jobs at the Swindon plant in the first quarter of next year as a result of the drop in Cowley car output.

At Cowley 1,100 jobs are being cut by the end of next week as part of a redundancy programme announced in the summer, and a further 400 Cowley jobs are to be cut in the first quarter of next year, reducing the workforce at the plant to around 6,000.

In addition, some 1,500 of the Cowley workforce will be laid off for six weeks in the first quarter of next year in order to reduce output of the Rover 800 executive range, which has suffered from falling sales in both Europe and in the US.

Rover is investing more than £130m in tooling and assembly facilities for its next generation of executive cars at Cowley, however, to replace the present Rover 800 executive car range in 1992-93.

Management interchange

By Kevin Dona

MR Andy Barr, Rover group manufacturing director, is to become executive chairman of Aerostructures Hamble, a subsidiary of British Aerospace, the Rover parent company.

His departure is part of a reorganisation under which the company is combining its development engineering and manufacturing operations. Mr John Towers, product development director, is to take over the newly created post of director, product supply.

The reorganisation reflects industry moves towards simultaneous engineering, to bridge the divide between product development engineering and manufacturing.

Alan Pike

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Paisley voters squeeze Democrats

By James Buxton, Scottish Correspondent

THREE of the four main political parties in Scotland were smiling yesterday as they savoured the outcome of Thursday's two by-elections in Paisley, which Labour held with majorities sharply reduced by the Scottish National Party.

Labour was able to claim that it had beaten off a challenge by the SNP.

The SNP was drinking champagne because it achieved a 14 per cent swing at the expense of Labour.

Even the Conservatives were pleased, because although their share of the vote fell by about 1 per cent in both constituencies, it was a much smaller fall than is normal for the governing party, particularly in Scotland.

Only the Liberal Democrats were unhappy; their share of the vote had fallen by 7 per cent in Paisley North and 5 per cent in Paisley South.

In Paisley North, Mrs Irene Adams took the seat formerly held by her late husband with a 3,770 majority. In Paisley South, Mr Gordon McMaster had a majority of 5,080.

Iraq ultimatum may delay generators' privatisation

By David Thomas, Resources Editor

THE United Nations' ultimatum to Iraq may delay the privatisation of National Power and PowerGen, the two generating companies due to be sold in February, the government said yesterday.

However, the Department of Energy emphasised that the ultimatum was unlikely to affect the privatisation of the 12 regional electricity companies, now in its final stages.

At the request of the underwriters, the government recently agreed to scrap the sale of the regional companies should a Gulf war provoke a fall in the stock market before the start of share dealings on December 11. But observers believe that the January 15 deadline set by the UN for Iraq

to leave Kuwait has reduced the likelihood of war's breaking out before their privatisation.

However, government advisers emphasised yesterday that the commitment to the underwriters might still come into effect if Iraq launched an attack. The Department of Energy said underwriters could expect a similar commitment before the sale of National Power and PowerGen.

Government advisers suggest May as the first available date to sell National Power and PowerGen if the privatisation is postponed. That would mean rescheduling privatisation of Scottish Power and Scottish Hydro-Electric in May or June. Weekend, Page 71

Scotland attracts Japanese floppy disk drive plant

By James Buxton

A JAPANESE manufacturer of floppy-disk drives, YE Data, is to set up its first manufacturing plant in Britain at Cumbernauld, near Glasgow.

YE Data is investing £4.8m in its Cumbernauld plant which will employ 120 people. The plant, which will open next April, will make YE Data the first significant manufacturer of floppy-disk drives in Europe and will further strengthen the Scottish electronics industry, which already includes International Business Machines and Compaq, as well as a growing number of components suppliers.

YE Data intends to export to the EC and North America from the Cumbernauld facility.

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UK NEWS

Two jailed for multiple share applications

TWO property investors who made large sums of money by making multiple share applications in British Telecom and other privatisation issues were jailed yesterday.

Mr Michael Row, who was said to have made a profit of £250,000, was sentenced to 18 months, fined £100,000 and ordered to pay £25,000 prosecution costs.

Mr Jonathan Roberts, a former barrister, who made an £80,000 profit, was sentenced to 18 months, fined £100,000 and ordered to pay £25,000 prosecution costs.

Passing the sentences, the most severe imposed for such offences, Judge Laurie said at Southwark Crown Court in London that the gravity of the offences lay in the "gross interference" to other honest small investors which undermined the policy of spreading shareholdings to small investors.

He said: "On the scale practised by these defendants, it amounts to a haemorrhage on the profits expected by ordinary decent people from those dabbling in the stock market for the sake of gain."

The judge said he had to take into account the "sheer scale of fraud" the men put into the offences. In Mr Row's case it had been "really a minor industry". Mr Row had shown utter contempt for the interests of ordinary decent people and persuaded himself

that multiple applications, however greedy, immoral or hypocritical, were not dishonest.

Mr Row's was the worst case of its kind yet to come before a British court, the judge said. "He is a persistent fraudster, a determined liar and wholly unrepentant."

Mr Roberts was guilty of a "serious, persistent fraud", the judge said.

The court had heard how Mr Row, of Brighton, where he owns 15 properties, and Mr Roberts, of Peaslake, Guildford, Surrey, who has 500 properties in the north of England, used telephone books to obtain names for nearly 5,000 applications between 1984 and 1987, beginning with the British Telecom privatisation.

In April, both men were found guilty of conspiring fraudulently to obtain British Telecom shares by deception.

Bonus offer averts Heathrow disruption

By John Gapper, Labour Editor

A THREAT of disruption at Heathrow Airport by 4,000 security, technical and administrative staff ended yesterday. The staff were offered a special 2.5 per cent bonus instead.

The bonus for staff employed by Heathrow Airport, a wholly owned subsidiary of BAA (formerly the British Airports Authority), will be given in addition to a basic pay increase of between 9.5 and 11.8 per cent awarded last January and a 2 per cent bonus in June.

Six unions had threatened industrial action after the company said it would withhold an expected profit-related bonus of up to 3 per cent, in spite of a 10 per cent rise in BAA's pre-tax profits to £205m in the six months to September. However, they agreed to accept the one-off bonus in substitution.

The company said it was offering the money in recognition of work during the year, and the staff's adjustment to new security procedures at the airport.

Mr John Bracher, Amalgamated Engineering Union national officer, said the company had conceded defeat in the dispute, which had threatened disruption to flights and baggage handling over the Christmas and New Year period.

The profit-related bonus scheme had operated since the start of last year, but is now to be revised. The company expects to calculate bonuses on productivity and staff performance rather than profit in future.

Mr Bracher said unions warned the company when the scheme was established that it would face disruption if profits were too low to pay a bonus.

He said: "We told them it would create unrest if they did not come up with the goods."

The profit-related bonus was withheld because Heathrow failed to meet profit targets agreed with unions last year. Overall group performance was not taken into account when it came to calculating bonuses, the company said.



Bored to death: there is no second-hand market for the purpose-built boring machines and they will be left in side galleries or dismantled

Breakthrough in the Channel tunnel

Today sees tunnellers' historic meeting, Andrew Taylor reports

THE thunderous roar of the great tunnel-boring machines has been still. A few feet away through the rock, British engineers can clearly hear the sound of French tunnellers at work.

In a small, hand-dug gallery, 1m wide and 2m high below the seabed of one of the world's busiest waterways, a historic meeting will take place today when a lone British tunneller and a French worker will step forward to greet each other.

The meeting will mark the completion of a 50km service tunnel stretching from Cheriton near the Kent port of Folkestone to Sangatte, close to Calais in northern France.

It will be the first of three tunnels to be completed under the Channel by Transmanche, a consortium of five British and five French construction companies contracted to design and build the project. The two rail tunnels are due to be completed next autumn.

Great Britain will be physically joined to the continent of Europe and the Channel tunnel will have become a reality.

Mr John King of Transmanche, the 64-year-old director of tunnelling for the British section of the project, says: "It will be a very emotional moment. Finishing a tunnel is often an anti-climax; it means the job is over and workers with whom you have developed a close relationship are starting to scour the atlas to find out where their next will be."

"This, however, will be an extra-special occasion. It is not until you stand at the tunnel face 22km from the English coast and see the French workers just the other side of the wall, that you realise the enormity of what you have achieved."

Mr King, previously managing director of John Mowlem's civil engineering division, had retired from managing large construction jobs to run his own engineering consultancy when, in 1988, he was asked to take over the management of the British tunnelling operations, then struggling.

Less than 5km of the seaward service tunnel was dug in 1988, compared with 15.8km in 1989 and 16.9km this year. At one stage under the Kent coast, progress was less than 20m a week, compared with more than 300m a week achieved recently by the British engineers digging the service tunnel.

Poor ground conditions under the Kent coast caused early obstacles. There were also serious difficulties in operating the overhead construction railway, and salt water seepage through tiny fissures in the rock affected the delicate controls on the 200m-long tunnel-boring machines.

Initial attempts to insulate railway equipment caused overheating, periodic engine fires and many breakdowns.

"There were several times," says Mr King, "particularly when dealing with the problems of preventing the construction locomotives from shorting-out, when I thought we might never make it."

While at Mowlem, Mr King managed the construction of London Bridge and large sections of the Victoria Line and Piccadilly Line extension to Heathrow airport.

He says: "This has been the hardest project I have ever worked on - but digging the Channel tunnel was one job I could not refuse. I would not have accepted the line management job again."

"The difficulties of getting men and equipment in and out of a tunnel face 22km away from the Kent coast in an efficient and organised fashion are enormous -



Long stretch: the service tunnel is 50km long

let alone the technical problems associated with digging the world's longest undersea tunnel."

More than 300km of construction railway costing hundreds of millions of pounds, complete with signalling, communications equipment and automatic electronic controls will have been installed in the three tunnels by the time they are all completed.

At peak production, 4,000 tonnes of chalk marl an hour is taken out of the British end of the tunnel alone, to be deposited into purpose-built lagoons at the base of Shakespeare Cliff, between Folkestone and Dover.

Simultaneously, thousands upon thousands of tonnes of concrete linings, railway track, ventilation and communication equipment have been going into the tunnel.

The construction railway will be removed before the passenger and freight railway can be installed.

The difficult ground conditions under the English coast meant that tunnel-boring machines had to be modified to prevent rock falling from the freshly cut sides of the tunnel before concrete linings could be put into place by hydraulic rams.

"One of the worst moments," says Mr King, "was when, with water still pouring through tiny fissures in the roof of the tunnel, we had to decide whether the modifications we had made to the machines would be sufficient to let us proceed."

"If we had got it wrong it would have cost large amounts of money and valuable time. Fortunately, the modifications worked."

The tunnel-boring machines, which have cost up to £15m apiece, will be left in side galleries on the British side but will be partly dismantled on the French side. The machines have been purpose-built to suit specific ground conditions, so there is not much of a second-hand market for this equipment.

In the event, the breakthrough of the service tunnel is only a couple of months late compared with the target date of autumn 1990, set by Euro-tunnel when it raised £750m from shareholders in November 1987.

The cost of digging the tunnels, however, has doubled since then, as the total cost of completing the project has soared from \$4.8bn to \$7.6bn.

There has also been a human cost. Nine lives, seven of them on the British side, have been lost since the first tunnel-boring machine started on its journey 1,062 days ago under the white cliffs of Dover.

"Those were the worst moments, when we realised that despite everything we had done to ensure safety, it had not been enough," says Mr King.

More than 14,000 workers are currently on the project. Many of them will be celebrating the breakthrough of the service tunnel tonight at a party at Dover Castle given by Transmanche.

RF Little England, Weekend, Page 1

One in five unit trusts seen to be making loss

By Philip Coggan, Personal Finance Editor

A SURVEY of unit trust groups by Touche Ross, the accountancy group, has found that 20 per cent are making operating losses.

The survey confirms doubts that the £46bn unit trust industry, which has been shrinking this year in the wake of declining stock markets and sales by unitholders, is not large enough to accommodate the total of about 160 management groups now operating.

Several mergers have taken place in the industry this year. Capital House, which is a division of Royal Bank of Scotland, has taken over funds managed by Scimitar and Windsor Life; Commercial Union has taken over funds from Royal Trust. Further mergers are widely expected.

The Touche Ross survey found that there was a clear business advantage for larger groups in terms of costs. Large groups, defined as those with funds under management of over £550m, have proportionately lower costs than medium groups (£150m-£550m) or smaller groups (under £150m).

There has been some debate within the industry this year about the minimum level of funds necessary for management groups to make a profit. Some have put the figure as low as £100m, with others putting it at £200m or level.

Much may depend on whether the management group is independent or part of a larger company, where costs can be shared with other activities.

Whatever the required level, the survey shows that profitability has become more difficult to estimate over the past year. The median cost is now 1.67 per cent of funds under management compared with 1.45 per cent in 1988.

Unit Trust Managers: profitability and performance. 1989. Copies obtainable from managers. See on 071 936 3000 ext 4370.

Science for profit draws criticism

By David Fishlock, Science Editor

YOUNG people were being discouraged from studying science because of the notion that its purpose was to make things "sell," Lord Porter of Liddington told the Royal Society last night in his final address as president.

Lord Porter, a Nobel prizewinner for chemistry, said the trend had been seen in the 1980s, when a government was "trying to survive in the past two years. A-level entries in chemistry were falling faster than the population of A-level age," said Lord Porter, a Nobel prizewinning photo-chemist.

He himself had entered science "because I was fascinated by the world around me and I wanted to know what made it work."

Although relations between science and government in Britain had improved during the 1980s, he found it strange "that a government was so strongly in the virtues of the free market in all other things should have wanted to replace, by a dirigiste system, the free enterprise that had served science so well."

A decade ago, the message had been that all research in universities must be seen to be useful and was best overseen by businessmen. That message was less strident today. Some who had entered science from industry "are realising that they should have stayed where they were, because that is where the trouble is."

The government had since acknowledged that the best place to do industrial research was in industry. "This is the surest way of effecting technology transfer and explains, in large measure, the Japanese miracle."

Government now accepted that industry must pay for applied near-market research and development, "but that it will not, and probably cannot, pay for long-term basic research, which must therefore be funded by the taxpayer."

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NEWS IN BRIEF

Tussauds maintains popularity

MADAME TUSSAUDS, the London waxworks, retained its place last year as Britain's most popular place for tourists, according to figures released yesterday by the regional tourist boards, writes David Churchill.

Tussauds attracted some 2.6m visitors last year, while Alton Towers took second place with 2.4m. Both companies are part of the Tussauds Group, owned by Pearson, which also owns the Financial Times.

The most popular free-admission attraction was the Liverpool pleasure beach, with an estimated 6.5m visitors, followed by Albert Dock in Liverpool with 5.1m.

Holiday site planned
CENTRE PARKS, the holiday centre operator owned by Scottish & Newcastle Breweries, is hoping to build a new venue at the Longleat estate in Wiltshire.

Planning permission for the project is being sought by the company, which already has two similar holiday centres in Nottinghamshire and Suffolk.

Taurus on target
MR JOHN REDWOOD, minister for corporate affairs, denied in the Commons yesterday that difficulties caused by the Department of Trade and Industry might delay the introduction of paperless share dealing.

He said regulations to be introduced next year would include provisions allowing companies to pass simply drafted resolutions enabling them to participate in Taurus, the electronic system of registering share ownership, which is due to start operating in October 1991.

Universities back A-level reform

By Norma Cohen, Education Correspondent

THE Standing Conference on University Entrance, an advisory panel of university admissions officers, has given a qualified endorsement to a wide-ranging set of proposals to overhaul A-level study.

In a document released yesterday, the group said it was prepared to accept a combination of two A-levels and two AS level exams as the basis for university entrance. Mr Malcolm Deere, secretary of the panel, said that if certain adjustments were made to the core AS-level syllabuses, the AS-level exam could become the sole basis for university admission for some students.

The panel represents all UK university heads and its endorsement of the proposals from the government's Independent Advisers, the Schools Examination and Advisory Council, is seen as crucial. The proposals have been criticised

by the independent school sector and by some ministers, as undermining the high standards set by the A-level exam.

The panel also endorsed proposals for so-called "core skills" to be incorporated into A and AS-level study and for courses were to be given greater weight. It noted, however, that a minority of its members firmly opposed changing the present A-level system.

Labour opens language skills drive

By Norma Cohen

BRITISH youngsters must acquire the education and language skills of their European counterparts if the UK is to compete effectively after 1992, the European Parliamentary Labour Party said yesterday.

The EPLP was launching a campaign for greater resources for education and training in Britain. It has released

research among so-called floaters in the north, Midlands and south, showing that respondents are anxious about standards of British education.

Those voters believe schooling standards must be brought up to levels seen in Europe and that languages should be a much more integral part of schooling.

The EPLP cites comparative figures on British education, showing that while only 35 per cent of youngsters here stay on in education beyond the age of 16, some 86 per cent of French youngsters do so, with 80 to 90 per cent doing so in the US.

Within the EC, only Greece sends fewer of its youngsters to college or into training.

Judge warns on private dossiers

By Raymond Hughes, Law Courts Correspondent

A SENIOR judge warned yesterday of the grave risk to individual freedom if confidential information obtained by the police and other state agencies was collected together.

Declaring that "the dossier of private information is the badge of the totalitarian state", Vice-Chancellor Sir Nicolas Browne-Wilkinson, the senior judge in the High Court Chamber Division, said that parliament had given numerous state agencies the power compulsorily to obtain information from private citizens.

If one agency did not communicate that information to another, no great harm was done, he said.

"But if the information obtained by the police, the

Inland Revenue, the social security offices, the health service and other agencies were to be gathered together in one file, the freedom of the individual would be gravely at risk.

"I would regard the public interest in ensuring that confidential information obtained by public authorities from the citizen under compulsion remains inviolate and uncommunicable to anyone, as being of such importance that it admitted of no exceptions and overrode all other public interests."

Sir Nicolas made his comments when ordering that documents seized by the police during a criminal investigation must not be used in civil proceedings. The order had been

sought by three men facing criminal charges in connection with alleged fraud in a London Docklands development.

Sir Nicolas said the issue had arisen in an action in which Anchor Brewhouse Developments was suing over the sale of flats in Docklands. The defendant, Mr Warwick Jaggard, wished to allege fraud against Anchor. The allegations were based on documents his solicitors had obtained from the police under a subpoena.

The documents had been seized during police investigations of alleged criminal offences by three men. The judge said they were closely connected with the Docklands development.

David Liso

FINANCIAL TIMES

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Weekend December 1/December 2 1990

Return to grim realities

THE UK government's image-makers will be hard at work on the new prime minister this weekend. But little can be done to improve the appearance of the UK economy. Hidden from view amid the political turmoil of the past few weeks, economic indicators have continued to deteriorate. The style of economic policy-making may change, but the substance will not. Meanwhile, Britain's recession could be deeper and longer than the government hopes and most forecasters expect.

The economy took a turn for the worse during the summer months. Gross domestic product fell in the third quarter, the largest fall since 1980. Economic conditions have continued to deteriorate. Credit growth has contracted sharply, after many months when borrowing seemed unaffected by high interest rates. The October monetary statistics show that broad money growth in the last three months is now half its level of a year ago.

The October trade statistics revealed a fall in spending on imports in recent months. This has reduced the non-oil trade deficit in successive months since July, though it remains above 2 per cent of GDP. Export growth has fallen. Sterling's membership of the exchange rate mechanism at a fairly high rate, combined with slower world trade and the rapid depreciation of the pound, is making export growth difficult to achieve.

Forward looking indicators paint a still bleaker picture. In the latest Confederation of British Industry survey, industry's outlook for the next year is the lowest recorded level since 1980. Export orders have also fallen. The CBI is now forecasting a 1 per cent fall in GDP in 1991, 2.3 percentage points lower than its August forecast. Since City forecasters have followed the CBI's lead, the Treasury's forecast of 0.5 per cent growth next year is now on the optimistic side.

Optimistic assumptions

The outlook in 1991 could prove worse than even the CBI suggests. Most forecasts anticipate a recovery in activity at the end of next year. But the assumptions behind these forecasts are based on a well-proved optimistic.

The likelihood of a Gulf war seems to be rising. Though most forecasts still assume there will be no war, stock markets are less sanguine. If war were to occur, the consequent rise in oil prices might impose a supply shock as severe as that of 1973. If monetary policy were to remain tight, in order to avoid inflation, interest rates would rise and incomes fall. World trade would contract, further reducing export prospects.

A Gulf war is not the only economic uncertainty for the UK. Markets have already discounted a cut in base rates to 13 per cent. Such a cut is presumed to be made necessary by the gathering recession and feasible by the fall in headline inflation. Lower headline inflation is confidently expected for November, while falling output and rising unemployment will inevitably reduce underlying inflation as well over the coming year.

The hoped for recovery in spending in the second half of next year relies on further rate cuts, perhaps to 10 or 11 per cent by the year end. But such cuts may be made impossible by economic developments in Europe.

Weakest currency

As the costs of unification mount, Germany is running a tight monetary policy alongside a loose fiscal policy. Meanwhile, other countries want lower interest rates in order to ward off recession. Consequently, the D-Mark is once more the strongest currency of those within narrow bands inside the ERM. Sterling is the weakest currency in the system. With a sterling re-alignment presumed to be politically unacceptable, an upward realignment of the D-Mark would be the preferred alternative. But acceptance of such a realignment by other members of the ERM, notably France, seems highly unlikely.

Will the limited interest rate cuts likely to be feasible reflate demand, as the government evidently hopes? Confidence may be a more important determinant of spending than limited reductions in the cost of borrowing. In the face of low output, stagnant house prices, and falling growth in nominal wages, consumer confidence might remain depressed.

Thus Mr John Major's first year as prime minister will be spent nursing a sick economy. The same was true for Mrs Thatcher in 1979. The difference is that both Mr Major and the new Chancellor, Mr Norman Lamont, are implicated in the policy choices which led to this recession.

A quick election, maintaining the political momentum of recent weeks, might temporarily conceal the pain to come, though many voters are suffering now. But Mr Major does not seem to want to call an election. If so, he is likely to have a long wait before signs of economic recovery arrive. Both his country and his party face a hard year.

Unless either George Bush or Saddam Hussein blinks, there is a real risk that the Gulf crisis could explode into war within a few weeks.

The crisis has now entered a new, more dangerous phase as Mr Bush seeks to make more credible the option of military action to force Iraq out of Kuwait. US troops in Saudi Arabia are being increased from 240,000 to about 400,000, while late on Thursday the United Nations Security Council overwhelmingly approved a resolution authorising the use of "all necessary means", including military, to secure Iraqi withdrawal from Kuwait after a deadline of mid-January.

If war is to be avoided, Saddam Hussein will have to be convinced that Mr Bush is prepared to take military action. Making that threat credible also means persuading the American people that such a risk is necessary.

President Bush sought to deliver that message yesterday in his nationally televised address. His surprise invitation to Mr Tariq Aziz, the Iraqi foreign minister, to come to Washington and his offer to send Mr James Baker, the US Secretary of State, to Baghdad were not intended to open the way for a compromise or partial solution, but to make clear "what the alternatives are to complying with the UN resolution". The diplomatic exchanges represent "going an extra mile for peace" - and an attempt to provide reassurance to the American public that no stone has been left unturned. But Mr Bush was clear that the alternative was early military action - and "not another Vietnam".

The worry of Mr Bush's critics has been that in applying this pressure he has not been maximising the range of options available, but narrowing them, boxing himself in to resolving the crisis early next year. Indeed, the growing threat of war has stirred an intense debate in the US Congress about Gulf policy and about America's role in the world.

Mr Bush does not yet have congressional or public support to take offensive military action against Iraq. He is discovering what Franklin Roosevelt faced in 1941-42: that the American people are reluctant to be dragged into wars overseas unless they are themselves attacked.

So far there has been a big gap between the Bush administration's success in keeping together the international coalition against Iraq and its failure to mobilise domestic public opinion. President Bush and Mr Baker are much better at telephone diplomacy than television persuasion.

The crisis has entered a new, more dangerous phase as Mr Bush seeks to make more credible the military option

Over the past few days leading Democrats and former service chiefs have warned about the dangers of early military action and urged patience and allowing more time for sanctions to work. Congressional support is vital, not just on the much disputed constitutional argument over the roles of the president and the legislature in ordering military action, but more generally in ensuring the necessary public backing.

As yet there is no "peace" movement in the US comparable to the anti-Vietnam War protests of 20 years ago. Rather, there is uncertainty over the US objective in the Gulf. For Mr Bush's Gulf policy has dropped from about 75 per cent to just above 50 per cent.

As Senator Sam Nunn, the Democratic chairman of the Armed Services Committee and one of the most

The US leader needs to persuade Americans that war is necessary if he is to convince Iraq to withdraw, writes Peter Riddell

Closing Bush's credibility gap

influential congressional voices on national security issues, put it when opening hearings this week. "The question is not whether military action is justified. I believe it is. The question is whether military action is wise at this time and in our own national interest."

Mr Bush has not been clear-cut about his aims. He has offered a multitude of reasons as to why US forces should be in Saudi Arabia - going well beyond both the goals of successive UN resolutions. He has talked of:

- Safeguarding oil supplies;
- Maintaining regional security;
- Iraqi atrocities in Kuwait;
- Protecting US embassy staff in Kuwait;
- The plight of US and other hostages;
- The dangers of Iraq's possession of chemical and biological weapons and its prospective nuclear capability.

In addition, he has offered a vision of a "new world order", in which the US acts under the UN umbrella to protect world peace.

The American public endorses only some of these aims. Support remains overwhelming for the original aims of Operation Desert Shield: to defend Saudi Arabia against possible Iraqi aggression and to reinforce economic sanctions and diplomatic pressures on Baghdad to secure an unconditional withdrawal from Kuwait.

Until a few weeks ago, the official public goals, endorsed by Congress, were the limited, defensive ones of the original UN resolutions. The administration may have been sceptical about whether sanctions would work (Mr Bush yesterday questioned whether they alone would get the job done) but officials accepted they should be given a chance. Yet there has always been the implication in the phrase "no option has been ruled out" that if the trade embargo failed, then offensive action might be taken. Now these implicit aims have become explicit.

In announcing a big expansion of US forces, Mr Bush talked of having an adequate offensive capability. This was presented as a development of the original policy, responding to the further build-up of Iraqi forces. But the near doubling of US troops appeared to mark a more fundamental shift, or at any rate a public admission of what had been a private aim of being able to attack Iraq.

The build-up reflected the views of General Colin Powell, the chairman of the US joint chiefs of staff, and of General "Stormin'" Norman Schwarzkopf, the US commander in Saudi Arabia, that the US has to have overwhelming military power at the start of any conflict. Like most other US commanders their thinking is determined by their experience in the Vietnam war which they believe was lost because the US did not have such power initially.

The prospect of maintaining such a vast army, as large as the D-Day invasion force, has created alarm in Washington. Former service chiefs and senators have argued that it will be impossible to keep such a force in the



President Bush addressing US military staff in Saudi Arabia

desert of Saudi Arabia for more than a few months and certainly not over the blisteringly hot Saudi summer. This may have closed off the longer-term option of patiently applying sanctions and waiting for Iraq's economy and military capacity to deteriorate further. In the past few days the Bush administration has itself sounded increasingly impatient, warning of the risks of delay - including the damaging economic effect on the world and the risk of Iraq's advancing nuclear programme.

However, in urging caution, many congressmen also caution Mr Bush's view of America's world role. He is an instinctive internationalist - an offshoot of the "Old Money" north-east-

ern establishment which reacted so strongly against the appeasement of the 1930s and which helped create the Atlantic Alliance and Nato.

To Mr Bush, the US is now the only superpower with global responsibilities to preserve peace and stability, not as in the past, on its own but under the umbrella of a revived United Nations. It should act in conjunction both with traditional European and other allies and with former rivals such as the Soviet Union with whom it now has common interests - in part because the end of the Cold War and the serious weakening of the Soviet Union has removed the hold which the two superpowers had on former client states such as Iraq. Mr

Baker regards the Gulf crisis as "a defining moment of the post-Cold War era", a test case of this new approach of collective pressure.

Mr Bush has dismissed the views of those, notably on the neo-isolationist right, who argue that the US has no vital interests in Kuwait. To him "the crisis is a warning to America as well as to Europe that we cannot turn inward, somehow insulate ourselves from global challenges". When talking to troops in Saudi Arabia nine days ago, he argued that the US had "a disproportionate responsibility to lead and to stand for something. We have others with us, but it's only the US that can lead."

For many congressmen this is going too far. While happy with America as "number one in the world", they are reluctant to see the US as a global policeman. For all the visible presence of the British "Desert Rats", plus the more semi-detached French component, the ground forces are predominantly American. The complaint is increasingly heard: "Why should American boys die to guarantee oil for Europe and Japan?" There is growing US resentment at being mercenaries for Germany and Japan and at a republic such as the US acting in defence of the autocratic and autocratic Arab regimes of the Gulf.

The US still hopes that the latest ratcheting up of pressure - and the diplomatic activity of the next few weeks - will lead to withdrawal.

But the private American fear is that at the last moment Iraq will announce a unilateral withdrawal from Kuwait City, just retaining some control over the disputed oil field and access to the Gulf itself. President Bush tried to guard against this possibility in his recent meetings with Hosni Mubarak of Egypt and President Assad of Syria, when statements were issued ruling out partial solutions and stressing the need for total, unconditional withdrawal.

Nevertheless, on the brink of war, such a move by Iraq might be greeted with relief both in the Arab world and in the US. Mr Bush would then be under pressure to declare victory and back an Arab peace negotiation, however much of a retreat that would be from his previous uncompromising public statements.

More worrying still, this would still leave the continuing threat to the region posed by Iraq's military machine and by its nuclear programme. US intelligence believes Iraq could produce a crude atomic device within six months, though not a deliverable missile for possibly five years or more.

The imminence of this threat may have been deliberately exaggerated, especially since this is the justification for war most acceptable to the American people. None the less, even if Iraq withdraws from Kuwait, Mr Dick Cheney, the US defence secretary, has argued for "a far more aggressive set of sanctions than anything we've seen up till now to deny Iraq further access to the kind of technology it needs". Mr Bush yesterday warned that restoring "the status quo ante would not be enough".

The dangers of war are all too apparent - huge casualties, a conflict spreading throughout the Middle East and dragging in Israel, the possible use of chemical weapons and possible nuclear retaliation and a wave of terrorism striking the West and flights throughout Europe and the US.

The outcome will determine not only the future balance of power in the Gulf but also whether the idea of a "new world order" has any meaning. A long drawn out conflict with heavy American casualties could result in an isolationist reaction in the US against foreign involvements and alliances. There is a lot at stake in President Bush's new initiative to convince President Saddam that the US has the will, as well as the capacity, to force Iraq out of Kuwait.

Quentin Peel on the real state of supplies in the Soviet Union

Corruption, not shortage, keeps bread from mouths



"This suggests that there is probably enough food in the country, but it is pretty clear that it is not reaching the consumers in an effective way."

In the whole complex of reasons behind the food crisis, the most fundamental is the collapse of the official distribution system. The state shops are usually empty. In typical towns around Moscow like Krasnogorsk, shoppers queue outside them every day for whatever they may turn up: one day butter, the next tinned fish, the third a few slices per head of fatty sausage.

"I just called my parents. They bought bread and salt today," said Natasha Belova, an office manager.

"They are delighted. There hasn't been any salt for weeks, so they bought two kilos."

In Perm, the state grocery shop has nothing to offer but dried tins of fish. Yet just over the street, the first floor buffet in the Urals Hotel is doing a roaring trade: great slabs of butter, or hunks of sausage, or bags of apples are being traded over the counter. The trouble is, you need to bribe or bounce your way into the hotel, or at least have a contact, to get at it.

Instead of the state shops, food supplies are now being begged and borrowed, bought and sold through a whole variety of different outlets. Some of them are legal, some are

illegal.

For factory workers, and those in big state enterprises, a vital form of supply is the weekly zakaz, or order, a sort of weekly grocery list. What it contains is random (at Tass, the state news agency, in Leningrad, they got some fish, coffee beans, pepper and Indian tea) and getting worse. But the prices are state prices.

Invalids and war veterans also get access to special supplies, either weekly, monthly, or at annual holidays. As for Communist party workers, and senior bureaucrats in the whole power structure, they still enjoy a host of similar privileges, although President Mikhail Gorbachev

has been cutting them back in the face of public protests.

The second main source is under-the-counter in the state shops. These familiar customers can obtain whatever was not on the shelves, for a substantial mark-up on the official price. The entire state distribution network is riddled with this form of petty corruption, whether the goods are the backs of lorries in the black market, or simply at the back doors of shops.

State cafes and restaurants are similarly open to outsiders. Like the buffet in Perm, they do a considerably larger trade than the official shops. Co-operative shops flourished briefly in recent years, often reselling state produce at higher prices, much to the fury of ordinary consumers. They blame the co-operators for buying scarce goods and reselling them at a more realistic price. As a result, many have been forced to close.

Finally, there are the free farmers' markets, where prices have now reached astronomical proportions (in Soviet terms) but food is still in relatively plentiful supply. It can cost Rb100 or more for a good joint of meat - or nearly half an average month's wages. Potatoes in Moscow have hit Rb6 a kilo this autumn, and tomatoes have often been Rb16 a kilo in mid-winter. Yet the markets are now better supplied than ever.

The truth is that often when Soviet citizens complain that there is no food, they mean no food at the old prices. What is happening is the beginning of rampant inflation. There is food available, but at prices which only black marketers and foreigners (thanks to the tourist exchange rate of Rb6 to the dollar) can afford.

The most drastic reduction in supply has been to the state distribution system, which is the source of which the big industrial cities, and the armed forces, rely for their food. On top of that, there has almost certainly been an absolute drop in the supply of some specific foods - such as eggs, and now milk.

Mr Lyubov Trachuk, deputy chairman of the state food supplies commission set up by the government, blames the collapse of tradi-

tional economic ties, breaking contracts, and the growth of the barter system. State procurement of grain, with a record harvest of 240m tonnes, was supposed to be 83.6m tonnes. It has reached just 68m so far, in spite of hefty price rises.

Four products - wheat, 385,000 tonnes on 1989 in the first 10 months, but panic buying has denuded the shelves. The same is true of meat to make kasha, the Russian porridge. But only 74 per cent of planned potato stocks, 73 per cent of other vegetables, and 51 per cent of fruits are being held in the state stores, he says.

Half the Soviet population is convinced that there is a conspiracy by the old guard in the power structure - conservative communists, big bureaucrats, the army and the KGB - to hold back the reforms, and discredit the democratic city councils. In Leningrad, they say, the food stocks are being held in the army camps. There is no evidence to substantiate it, although periodically dumps of rotting food have been discovered. But that is probably more a reflection of incompetence than deliberate provocation.

If the question is not food supplies, but food distribution, western donors must decide how they hope to ensure that their aid gets to the needy consumers. The army and the KGB are being proposed as obvious intermediaries. Yet anyone who manages to control scarce foodstuffs faces enormous temptations for corruption.

The trouble is that the west can scarcely hope to move and reform the whole Soviet distribution system. That is a job for the Soviet side. Yet the vested interests in maintaining shortages, bottlenecks, and control of distribution are enormous. Every shortage simply raises the level of potential bribes to get round it.

Until the old system collapses - as it now appears to be doing - nothing will be put in its place. Meanwhile, the central government and the union republics continue to squabble about how to replace it, and who will control the spoils. No one seems prepared to let inflation take its course, and the market decide.

Throwing food aid at the problem scarcely seems likely to help. Indeed, it may simply postpone the demise of the corrupt old institutions.

This week Mrs Raisa Mishenko, pensioner, grandmother and a veteran of the bitter siege of Leningrad during the second world war, received her first food parcel from Hamburg.

"She didn't expect it, she just sighed," according to her grandson, Dmitri Arkatovsky. "She said it was so absurd: all those years ago they tried to starve us to death, and now they are sending food parcels to save us from the same fate."

The same message, with a bitter twist, was broadcast on Leningrad television's hugely popular 600 Seconds programme. Alexander Nevzorov, the campaigning presenter, contrasted the position today of the defeated German war pensioner, and his victorious Soviet equivalent. He spelt out the plans for emergency food supplies from Berlin and Hamburg to Moscow and Leningrad.

His conclusion was brief and to the point. "Damn the power which brought our country to this wretched state," he said. "Food aid from West Germany has been received with shock and disbelief, as much as with relief, by the benighted Soviet population. But is it really necessary? Has the Soviet Union been reduced to such a state of chaos and pestery that it cannot feed itself, or at least pay for its food supplies?"

The answer today is almost certainly no. Western public opinion, led by Germany, appears suddenly to have been panicked by the wailing of unrelieved news from the Soviet Union into believing that starvation is imminent. It has not been helped by alarmist reports from neighbouring states - Finland, Poland and Czechoslovakia - that they must prepare for a mass exodus of millions of starving Soviet citizens this winter.

The evidence on the ground is that neither conclusion is justified, although there is no doubt at all that the situation is grim. Food shortages there are, but the picture from all sides of the country is complex and contradictory. As for the threat of mass migration, it also has simply not begun to materialise.

Moscow and Leningrad, the chief Urals industrial centres of Sverdlovsk, Perm and Chelyabinsk, and other big cities like Volgograd and Vladivostok are all suffering serious shortages. Yet even they are singing conflicting tunes.

First the style, then the substance

John Major will need more than a compassionate image to win the next election, says **Philip Stephens**



Mr Norman Lamont, the new chancellor, ran Mr Major's campaign for the leadership. Mr Mellor, the new chief secretary to the Treasury, was his deputy in that campaign. Mr Ryder, who as chief whip will ensure Mr Major maintains his power base among backbench MPs in the House of Commons, was the third prominent member of the election team.

But if the new prime ministerial style is in tune both with the instincts of most Tory ministers and MPs and with the voters, it has yet to emerge into changes of substance.

A cynical colleague commented this week that Mr Major may prove to be no more than "a symbol of our exhaustion": the choice of a party that has lost the heroic thrill of Thatcherism.

It is a new style of government. Mr John Major's ministers have met their first meeting this week, humming with the boyish enthusiasm of the soccer supporters many of them are.

One confided later that it was the first uninhibited, and relaxed, discussion that he could remember in several years in the cabinet. The emphasis is on discussion.

The prime minister had invited all including Mr Michael Heseltine to contribute to the new government's first review of foreign and domestic affairs.

As they emerged smiling from Downing Street, one minister, long accustomed to sitting in the front row in Mrs Thatcher's cabinet, commented on the prime minister's halting, stammered way would have to start reading his official papers again.

Another, insistent that the prime minister was wholly genuine in his wanting to run the country as a team, described the openness as a light relief from the heavy burden there was none of the arrogance of a prime minister who had won three elections.

Mr John Major, Mrs Thatcher's chosen successor, did not waste time before setting his own distinctive style. At Westminster, Tory MPs greeted a large, collective sigh of relief. To voters who had been fed by the artifice of Mrs Thatcher's world of the media, the world of the grand conservatism in time contrasted with the harsh realities of life at the bottom.

Within the government he would replace conviction with

consensus, dictated with discussion. Among his first decisions was his assent to a full cabinet discussion of the issue - Europe - which had triggered Mr. Major's downfall. The idea had been suggested some weeks ago by Mr. Douglas Hurd, the foreign secretary, but the then prime minister had been unenthusiastic.

Mr Bernard Ingham's departure from the Downing Street premises was presented as symbolic of the end of Mr Gus O'Donnell, brought over from the Treasury in his place, would guarantee a more open approach to press relations.

Another of Mrs Thatcher's closest aides, Mr Robin Harris, also left. The discreet word in Whitehall was that Mr Charles Powell and Mr Brian Griffiths had been brought in to fill in the not-too-distant future.

The new style was promoted eagerly by Mr Major's political friends and allies. Here was a man who would not be a government of the House, as well as lectured. He would be surrounded by advisers not cronies. The image-building went further. Mr Major was the first prime minister admitted that he had lost the nerve of his first speech as prime minister because he had been busy signing autographs. He admitted perfectly, we were told,

His weekends would be spent not in the isolated splendour of Chequers, but with his wife and children in the family home in Huntington, Cambridgeshire.

On Friday sports fan, his pastime on Sunday afternoons was one spent watching Chelsea play soccer or Surrey play cricket. It escaped nobody's notice that two of those he immediately promoted on Wednesday — Sir David Mellor and Sir John Gummer — share his sporting enthusiasms.

There were inevitable contradictions and a hint of naivety. Mr Major after all had won the support of most of his colleagues by promising to set up a platform pledging to preserve Mrs Thatcher's legacy. But he was clearly stung by allegations that she would remain a "public relations driver". So his first public utterances were coloured by the awkwardness of combining lavish praise for her achievements with the promise of something different.

He was not a man to bite. The prime minister promising opportunity for all was to be the first since 1964 without a woman in his cabinet.

His first ministerial appointment was significant to the aim of securing his personal control over the levers of power in both Whitehall and Westminster.

cherism wanted a quiet life. It will be policies not attendances at soccer matches that decide whether the 47-year-old Mr Major proves to be more than an interlude.

The signs at the moment are that substitutes will be added to the style that the Conservatives which the government offers at the general election due by mid-1992 will be different from those of its first three terms.

Mr Major's comments on European bargaining that Britain must be at the heart of the debate on economic and monetary union, do not betray him as a closet federalist. He remains deeply antagonistic to the idea of an "imposed single" currency.

They do, however, indicate that he is ready to consider carefully the compromises that will be necessary to secure a detailed bargaining with Britain's partners gets underway later this month. Tone may merge into fudge.

Mr Chris Patten in the wind. Mr Patten's appointment as party chairman will mark a break with the brash sloganising of his predecessor. Mr Patten is expected to produce a manifesto which translates Mr Major's vision of a classless and compassionate meritocracy into a set of policies.

cies with electoral appeal. Phrases such as "good money" and "social responsibility" can be expected to return to the Tory vocabulary.

A commitment to a better-resourced state education system will be a central plank. So too may be a commitment to disentangle the mass of disincentives for those on low incomes created by overlaps between the tax and benefit systems.

William Waldegrave, the health secretary, is expected to devote his energies to persuading the public and the professions that the NHS reforms are nothing more nor less than an attempt to improve the allocation of resources.

The appointment of Mr Malcolm Rifkind as transport secretary should ensure that improvements in the rail and underground systems receive more priority than the privatisation schemes promoted by the right-wing think tanks.

But if Mr Major can reshape the party's policies before the general election he can be far less certain that it will convince the voters.

Few ministers believe the rosy outlook painted by recent opinion polls. They are uneasy about the effects of what most now see as an inevitably costly war in the Gulf. They are unsure that the economy will turn round in time, that Britain's European partners will grant it an acceptable compromise, and that the imagination to scrap rather than tinker with the poll tax.

It will not leave the new prime minister much time for the terraces.

Community charge reform

Best hope for local finance is failure of poll tax review

By Colin Farrington

of the Department of the Economy. The government is honest with its figures, says the secretary of state, the dominant force in the cabinets Michael Heseltine will lead.

This weekend about the government's "unimpressive" and "depressing" readings. It there truly is a "cubboard of ideas" as Douglas Hogg, the foreign secretary, explained during the leadership election, then none of these ideas is serious, capable of being implemented quickly, or costless. None is likely to make the poll tax popular.

Mr. Heseltine has been criticised by Mr. Heseltine for the present state of the tax. On the government's own figures, one in 10 people have paid nothing. Most local authority treasurers' receipts are minimal, some are down 20 per cent in expected revenues. In Scotland, the second in which the poll tax has been in force, the collection rate for the first year of operation, authority budgets based on government-encouraged estimates of collection rates between 95 and 98 per cent now look wholly unrealistic. The level of underpayment

alone is likely to add £40 to the government's estimate of an average charge of £380 next year.

The Audit Commission expects that as many as 3m people may be taken to court; the country is set for a further increase in the number of cases for the magistrates' courts. Some local authorities are in serious organisational difficulties and may find it impossible to process further refinements to the tax.

There is very little that Mr Heseltine can do to alter this before the next financial year. Local authority income flows from three main sources: government grant; the (now nationalised) business rate; and the local tax, currently the community charge. To reduce the take of the latter requires action on grants and/or the business rate.

Chris Patten had already secured a generous grant settlement for 1987-88 from the Treasury (on the assertion of capping powers) and if the Treasury concedes more, it will not be much. The formulae for distributing grants to authorities, which could in theory be skewed

even more towards the problem areas in the north and the inner cities cannot simply be altered this late in the cycle by political legislation. In any case, a higher grant for one class of authority means a lower one for another.

There would be howls of protest from the business lobby if an attempt were made to raise more than the 10.3 per cent rate than the 10.3 per cent increase already announced — even though a local discretionary supplement of up to 10 per cent was once favoured by the government and would be administratively feasible. Mr

Reselling might also remind the Treasury that changes in the valuation list since it was first published have brought a windfall of \$800m to the exchequer.

Could the burden thus inevitably fall on the community charge be redistributed so that the tax is immediately seen as fairer? Not next year; probably not ever. There are too many arguments about what to exempt from the tax students, the very poor and others who currently pay 20 per cent of the full charge. Apart from the principle of fairness, this would, over time, ease the whole process of registra-

"Bandaid" the tax - a course favoured by some of Mr Heseltine's close supporters - is not work because it creates both insoluble poverty traps and distortions as people's income takes them over the line from one band to another; and because it would require community charge officers and local

authorities to know details of everyone's income, not just those claiming benefit. The Inland Revenue could not take on the task with its present machinery and resources. Even if it could, its intrusion into local tax arrangements would have the disadvantage of own supporters in local government as another nail in the coffin of local democracy.

Of course, if costs and administrative sense are cast aside, virtually anything can be done. But it would only be worth making really radical changes if the gains were to be kept. One doubts if that is Mr Heseltine's true intention.

End of official papers that Mr Heseltine will have to read? Not quite. Contrary to its public image, the Department of the Environment is an imaginative and resourceful department. My guess is that it will suggest two avenues of hope to the Secretary of State. The first is to extend, in the short term, the transitional relief schemes which are operated to help people in previously low-rated property and areas. This could be coupled with some

tenor charges to the 1991 grant settlement at the price of yet more vigorous reassertion of capping powers and the war against over-spenders, fundamentally unjust and contrary to accountability through this may be. The Department of Environment will not have to be too imaginative, if it tries to tinker too much, the system will collapse.

The second and best hope is that the inevitable failure of the community charge review will enable Mr Heseltine to lead Britain back to the world of property tax, the basis for all local authority finance. The local authority yesterday in its editorial committed, coupled with whatever structural and organisational reforms are necessary to make local government more accountable and less dependent on the support of central government. There are exciting opportunities for local government to take one step further from the dead hand of the community charge. But do not expect much before 1993.

The author is *Director of the Institute of Revenues, Rating and Valuation*

LETTERS

Lex piece on BES prompts objections

From Mr Charles Fry.

Sir, As the leading sponsor of Business Expansion Scheme investments in the country, I am pleased to see that the BSS (Lex, November 26) may give a misleading impression to investors.

Perhaps I can deal with a few points raised, especially out of the Lex Column article.● In 1988 the Business Expansion Scheme was known as the Business Start-up Scheme. The BSS version was used in the BSS version were such that it was extremely difficult to find worthwhile companies in which to invest. The majority of the sales were made through the medium of funds, and the fund managers were under pressure to invest quickly. As a result, the incidence of fail-

ures for 1983 investments is much higher.

- Under RES the failure rate is not nearly so high. Given the fact that the company would be that if a company has traded for five years, it has as good a chance as any of weathering the current recession. The company was not funded by RES money really has no bearing on this point.
- It was mentioned in the article that there was a "tendency for companies to walk away from their charges". In our own case I can only say that we never walk away from a company which is in trouble, and we spend a large amount of our own money to rescue everything possible to rescue companies that are in need.

I totally disagree with the

comment that the managers of BES companies are largely unaccountable." This is clearly not true. Managers of a pic or a company are accountable to the shareholders. The sponsor of a BES company represents the shareholders' interests and can call upon the support of the shareholders to make the make up of the board if they consider that the board is not managing the company in their best interests.

We sent a copy of our bulletin to all the companies in our BES companies. We pull no punches regarding investments which are performing badly and give the companies every trading company we have supported. There is thus no question that "the first sign investors have

A quotation on the stock exchange is like joining a club

Sir L.R.F. Wheeler.

"I am very much interested in the formation of the "Bazaar Club," which has been organized by Messrs. Blyden and Co., November 10th.

The reference to the 10-year celebrations as being more like funeral wake struck a chord with me. In the early days of the war, I was a partner in the house of Messrs. Blyden and Co. and was heavily invested in promoting the investments of the U.S.M. with the many promising small company clients of the firm and others.

At that time it was firmly believed that at least 12 months was needed prior to our country to get its export system up to standard, to obtain a thorough understanding of its obligations to the stock exchange and the workings of the market. In my opinion, the effects of Big Bang have been almost entirely available from the stockbroker fraternity to help small companies.

The overheads now being carried by city broking houses are so high that it is difficult to see how they can continue economically. To obtain a satisfactory market in the shares of a small company, the directors must assist in the making of that market.

To make a quotation on the stock exchange, be it listed or unlisted, is similar to being a member of a club, the joining of which does not ensure enjoyment and satisfaction without some effort by the member. Likewise, a small company on the stock exchange has to seek to present itself to other stockbrokers in the City and provincial

forms, particularly in the area where the business of the company operates. It should also make presentations to potential investors.

• Assistance with these objectives can be obtained from a good financial public relations agency. For example, informing the press, both nationally and locally, of the order obtained for the company is useful market intelligence; also, although not required under the rules of the USM, the issue of half-yearly statements to shareholders is a relatively inexpensive way of keeping the public more about the company and its progress. My message therefore to those small companies that are suffering from lack of marketability is "communications".

Life for Bimac Industries begins with the existence of a ready market in our shares as important as selling our products and services to customers. In these circumstances it is vital that the market price of the shares rises and that the company can make acquisitions either become impossible or too expensive. Expensive acquisitions usually lead to dilution and a reduction in earnings per share.

Therefore, there is insufficient knowledge of the workings of the stock exchange. Also, small companies must get themselves known widely in order to stimulate market demand.

• Gerald Wheeler, deputy chairman and development officer, Bimac Industries, Bimac House, 43 Eldon Trading Estate, Bickenhill Lane, Birmingham

...And more obj
From Mr Tim Villiers.
Sir, Lex's comments on the BES contain a number of unproven and unwarranted assertions. While investment in trading companies has indeed fallen away in the past two years, it came about not because of a loophole "skewing" the scheme, but because of the introduction of new assured tenancy legislation in the 1988 Finance Act.

recently had prior warning of the decline in the company's fortunes, before reading about it in the press. Were newspapers able to provide as much coverage of unquoted companies as they do on those quoted, the arrival of convening orders for EGMs might not be such a large shock to shareholders.

Directors are human; some will do their job better than

What is particularly concerning me is that a column as authoritative as Lex should give only one side of the story, mentioning only the failures and doing so in a manner which is quite clearly damaging to QES investment in general. The phrase "the problem has not been confined to the loopholes which skewed the entire scheme" immediately puts into the mind of the investor the feeling that the "loophole" was illicit and that somehow the

Ireland's excessive birth rate

From Mr Robert Ballantine.
Sir, Your editorial analysis of Ireland's economic ills ("The modernisation of Ireland", November 12) completely overlooked its fundamental one, that is, its excessive (by European standards) population growth. With a birth rate of 16.6 per 1,000 compared with an EC average of 11.8 per 1,000, the Irish economy simply can-

It is to be hoped Mrs Robinson will not be afraid to encourage a long overdue public discussion of this problem, which others seem unwilling even to acknowledge.

Robert Ballantine,
5, Bolingbroke Road, W14

The electronic jungle is costly

From Mr Martin Woodhead.
Sir, I have noticed on several telephone calls to the US that automatic answering systems geared to touch-tone telephones make waiting time very expensive before one finally gets through to a human being. Delays of at least three or four minutes are common.

I thought I had the latest in telephone technology, but in spite of pressing buttons as ordered to do so, I find I just

get shunted around from electronic pillar to electronic post while being made to listen to a strange assortment of orchestral works and pop music.

Can anyone tell me how or when I can escape from this time-wasting and expensive electronic jungle?

Martin Woodhead,
managing director,
Woodhead Publishing,
Abington Hall,
Abington, Cambridge

[illegible]

INTERNATIONAL COMPANIES AND FINANCE

Adelaide Steamship shares hit record low

By Kevin Brown in Sydney

ADELAIDE Steamship, the main company in Mr John Spalvin's Adelaide group, yesterday lost 23 cents on the Australian Stock Exchange to close at a record low of 35 cents.

Adelaide Steamship shares stood at 57 cents a week ago, and traded as high as A\$6.50 this year, before coming under pressure following reports critical of the group's complex shareholding structure and inter-company loans.

Analysts said the latest fall was prompted by revelations at the annual meetings of several group companies last week that dividends would fall or be passed, and that profits were under pressure.

However, there was no information on the group to worry investors. "We have a situation where there is a complete lack of confidence in the group," one analyst said.

Adelaide Steamship was asked by the ASX to provide any information which might explain the renewed pressure on the shares. The exchange is also thought to be pressing for the preparation of consolidated accounts for the six companies in the group.

Mr Spalvin recently announced plans to restructure the group with the support of its banks to reduce debts by A\$25m (US\$23.5m) and eliminate the cross shareholdings.

Other key Adelaide companies also lost ground yesterday. Tooth lost 44 cents to A\$1.30, David Jones lost 10 cents to A\$1.35, and Howard Smith closed 7 cents lower at A\$3.80.

Alcan to reduce capital spending 30% worldwide

ALCAN Aluminium of Canada will cut its 1991 capital spending by 30 per cent to US\$550m worldwide in the face of softer metal markets, writes Robert Gibbons in Montreal.

The company has reduced its North American listed stock price by 55 US cents per lb to 76 cents.

Mr Thomas Hodgson, vice-president finance, told Toronto analysts that overheads would be trimmed by US\$500m and inventory cut by an average of 10 per cent.

He estimated input prices would average about 75 US cents per lb in the first quarter of 1991. The 1991 capital programme includes smelter replacement in Quebec, hydroelectric expansion in British Columbia and about US\$200m for rolling mill modernisation.

Belzberg group plunges to C\$165m nine-month loss

By Bernard Simon in Toronto

THE TOUGH times which have overtaken North America's corporate raiders are reflected in a C\$165.5m (US\$142m) nine-month loss at First City Financial, the main holding company of Vancouver's Belzberg family.

The loss, equal to C\$3.16 a share, is mainly due to the Belzbergs' recent decision to retreat from securities trading and arbitrage after suffering costly rebuffs.

The company posted earnings of C\$81.7m or C\$1.50 a share a year earlier, excluding an extraordinary gain of C\$123.7m from the sale of an interest in a leading Canadian cellular telephone company.

The Belzbergs' setbacks this year include unsuccessful efforts to build up controlling interests in Asda, the UK supermarket group, and in Armstrong World Industries, the US floor coverings maker.

The sale of a 5.5 per cent stake in Asda in September is estimated to have cost First City C\$20m to C\$30m (US\$26m). The nine-month loss also includes a C\$40.4m provision to write down its equity holdings to market value.

First City said it had disposed of most of its takeover and arbitrage securities portfolio. In addition, its trust company subsidiary, First City Trust, has abandoned its securities investment activities and is selling off its portfolio of common equities.

First City added that it planned to concentrate on two operating businesses, the trust and residential property development unit with interests in the US and Canada.

In keeping with its softer image, First City has recently given less prominence to the mastermind of the Belzbergs' corporate raiding days, family patriarch Mr Sam Belzberg, and instead given the stage to his nephew Mr Brent Belzberg, who heads the trust company.

First City Trust suffered a nine-month loss of C\$53.6m or C\$1.26 a share, compared with income of C\$24.3m (96 cents a share). The latest figure includes a C\$22m provision for losses on the winding down of its securities portfolio.

None of the 10 directors will receive fees until the company is in profit, Mr Packer said. "We will be working until we get it right, and we will start getting some money when you start getting some money. And that is going to take 18 months," he told shareholders.

Mr Bond last night issued an apology to Mrs Valerie Beckwith, the widow of the former managing director of Bond Corporation, for remarks in which he blamed the collapse of the company on her husband.

Mrs Beckwith accused Mr Bond of a "despicable" breach of loyalty after he said his only mistake was to give Mr Peter Beckwith too much autonomy.

Mr Beckwith died of a brain tumour in July.

"I have always had the highest regard for Peter in every respect. He was my closest friend in addition to being a loyal and hardworking executive, who gave 20 years of his life to the company. It goes without saying that I retract any comments made by me which impinge anything to the contrary," Mr Bond said.

At Tonsil, Krosno and Exbud, employees are being offered a fifth of the shares. In the case of the latter two, to continue to hold a 30 per cent share of the capital.

At Exbud, with 46 per cent of the share value on public offer, another 17.5 per cent is to be sold to management. Bids are being invited from western investors for the remaining 17.5 per cent.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar retreats on peace hopes

THE DOLLAR finished in London a little firmer, but well below the day's peaks. It fell back quite sharply after President Bush appeared to offer Baghdad the opportunity for a peaceful settlement of the Gulf crisis.

Mr Bush said he will invite Mr Tariq Aziz, the Iraqi foreign minister, to Washington and offered to send Mr James Baker, the US Secretary of State, to Iraq to meet President Saddam Hussein.

Earlier in the day the dollar touched peaks of DM1.5090 and ¥133.80 on the threat of war, after Thursday's vote by the United Nations Security Council. This sanctioned the use of force if Iraq has not withdrawn from Kuwait by January 15. Mr Bush's statement left the US currency hovering around DM1.5000 and ¥133.80, as economic factors exerted renewed downward pressure.

Mr Bush also spoke about the US economy yesterday. He

said that at best it is in a slow-down and this could worsen if oil prices remain high.

At the London close the dollar had climbed to DM1.5005 from DM1.4960; to ¥133.10 from ¥132.30; to FF5.0675 from FF5.0475; and to SFr1.2770 from SFr1.2750. On Bank of England figures the dollar's index rose to 61.5.

Sterling was generally weak on increased demand for the D-Mark, ahead of tomorrow's German general election, which is expected to result in the return to power of Chancellor Kohl.

The pound also suffered from speculation about lower UK interest rates, despite action by the Bank of England, which has not withdrawn its £100m money market, underpinning the present rate structure.

The pound fell 1.40 cents to \$1.9395. It also declined to DM2.9100 from DM2.9225; to FF9.5275 from FF9.5600; and to SFr2.4775 from SFr2.4800; and

to ¥258.25 from ¥258.50. Its index lost 0.5 to finish at 94.0.

Sterling remained the weakest member of the European Monetary System, anchored by interest rate trends. In contrast to expectations about lower UK rates, the Dutch guilder, Belgian franc and Italian lira were supported by higher rates.

In Brussels the Belgian National Bank raised its three-month Treasury bill rate - the main instrument of monetary policy - by 0.05 per cent, responding to a rise in German and Dutch money market rates.

In Amsterdam the Dutch Central Bank also responded to rising market rates by increasing its rate on special advances to 8.60 from 8.50 per cent.

In Milan the Bank of Italy kept short term interest rates high, and succeeded in pushing the D-Mark down to L750.67 from L751.70 at the fixing. The central bank did not intervene.

FINANCIAL FUTURES AND OPTIONS

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
100	1.10	0.10	1.10	0.10
110	0.10	1.10	0.10	1.10
120	0.10	0.10	0.10	0.10
130	0.10	0.10	0.10	0.10
140	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
150	0.10	0.10	0.10	0.10
160	0.10	0.10	0.10	0.10
170	0.10	0.10	0.10	0.10
180	0.10	0.10	0.10	0.10
190	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
200	0.10	0.10	0.10	0.10
210	0.10	0.10	0.10	0.10
220	0.10	0.10	0.10	0.10
230	0.10	0.10	0.10	0.10
240	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
250	0.10	0.10	0.10	0.10
260	0.10	0.10	0.10	0.10
270	0.10	0.10	0.10	0.10
280	0.10	0.10	0.10	0.10
290	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
300	0.10	0.10	0.10	0.10
310	0.10	0.10	0.10	0.10
320	0.10	0.10	0.10	0.10
330	0.10	0.10	0.10	0.10
340	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
350	0.10	0.10	0.10	0.10
360	0.10	0.10	0.10	0.10
370	0.10	0.10	0.10	0.10
380	0.10	0.10	0.10	0.10
390	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
400	0.10	0.10	0.10	0.10
410	0.10	0.10	0.10	0.10
420	0.10	0.10	0.10	0.10
430	0.10	0.10	0.10	0.10
440	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
450	0.10	0.10	0.10	0.10
460	0.10	0.10	0.10	0.10
470	0.10	0.10	0.10	0.10
480	0.10	0.10	0.10	0.10
490	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
500	0.10	0.10	0.10	0.10
510	0.10	0.10	0.10	0.10
520	0.10	0.10	0.10	0.10
530	0.10	0.10	0.10	0.10
540	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
550	0.10	0.10	0.10	0.10
560	0.10	0.10	0.10	0.10
570	0.10	0.10	0.10	0.10
580	0.10	0.10	0.10	0.10
590	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
600	0.10	0.10	0.10	0.10
610	0.10	0.10	0.10	0.10
620	0.10	0.10	0.10	0.10
630	0.10	0.10	0.10	0.10
640	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
650	0.10	0.10	0.10	0.10
660	0.10	0.10	0.10	0.10
670	0.10	0.10	0.10	0.10
680	0.10	0.10	0.10	0.10
690	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
700	0.10	0.10	0.10	0.10
710	0.10	0.10	0.10	0.10
720	0.10	0.10	0.10	0.10
730	0.10	0.10	0.10	0.10
740	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
750	0.10	0.10	0.10	0.10
760	0.10	0.10	0.10	0.10
770	0.10	0.10	0.10	0.10
780	0.10	0.10	0.10	0.10
790	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
800	0.10	0.10	0.10	0.10
810	0.10	0.10	0.10	0.10
820	0.10	0.10	0.10	0.10
830	0.10	0.10	0.10	0.10
840	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
850	0.10	0.10	0.10	0.10
860	0.10	0.10	0.10	0.10
870	0.10	0.10	0.10	0.10
880	0.10	0.10	0.10	0.10
890	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
900	0.10	0.10	0.10	0.10
910	0.10	0.10	0.10	0.10
920	0.10	0.10	0.10	0.10
930	0.10	0.10	0.10	0.10
940	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
950	0.10	0.10	0.10	0.10
960	0.10	0.10	0.10	0.10
970	0.10	0.10	0.10	0.10
980	0.10	0.10	0.10	0.10
990	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
1000	0.10	0.10	0.10	0.10
1010	0.10	0.10	0.10	0.10
1020	0.10	0.10	0.10	0.10
1030	0.10	0.10	0.10	0.10
1040	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
1050	0.10	0.10	0.10	0.10
1060	0.10	0.10	0.10	0.10
1070	0.10	0.10	0.10	0.10
1080	0.10	0.10	0.10	0.10
1090	0.10	0.10	0.10	0.10

LIVE LAM 627 FUTURES STRIPS				
Strike	Call	Put	Call	Put
1100	0.10	0.10	0.10	0.10
1110	0.10	0.10	0.10	0.10
1120	0.10	0.10	0.10	0.10
1130	0.10	0.10	0.10	0.10
1140	0.10	0.10	0.10	0.10

MONEY MARKET FUNDS

Money Market Trust Funds

Fund	Assets	Liabilities	Net Assets
CAF Money Management Co Ltd	100.00	100.00	0.00
CAF Money Management Co Ltd	100.00	100.00	0.00
CAF Money Management Co Ltd	100.00	100.00	0.00
CAF Money Management Co Ltd	100.00	100.00	0.00
CAF Money Management Co Ltd	100.00	100.00	0.00

Money Market Bank Accounts

Bank	Interest Rate	Minimum Deposit
CAF Money Management Co Ltd	5.00%	100.00
CAF Money Management Co Ltd	5.00%	100.00
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LONDON STOCK EXCHANGE

Bush's Iraq offer brings late flurry

PRESIDENT Bush's invitation to the Iraqi foreign minister to visit Washington for peace talks, and his offer to send Secretary of State James Baker to Baghdad, caused a late rally in the London stock market yesterday and provided the only moment of excitement during the session.

In the 15 minutes before the market close, the FT SE-100 index jumped eight points to the day's high, helped by a small programme trade at the same time the crude oil price fell more than \$1 a barrel, raising hopes that the inflationary effect of expensive oil would be lessened.

Equities had a weak start to the day, depressed by overnight weakness in Tokyo and New York. All markets were apprehensive of what might follow the UN Security Council's effective authorisation of the use of force against Iraq's occupation of Kuwait.

Account Settling Dates		
First Dealings	Nov 19	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31
Options Expiry	Dec 16	Dec 31

The market's weakness tempted a few institutions to buy selectively, and the FT SE-100 index quickly rose 15 to the morning's high of 2146.3. The market-up was helped by at least one broker floating the idea that UK interest rates would be cut later in the morning.

As it quickly became apparent that there would be no reduction in the Bank of

England indicated early in the afternoon to the money markets that it would be at least two weeks before any cut in trading activity died away. Marketmakers accustomed themselves to the usual calm of the second Friday in a three-week account and were occupied with a flurry of stories of City redundancies before Christmas.

Rather than drift lower, however, equities held their ground at levels slightly above the previous night's close. Traders felt that the steadiness was the result of a robust gilt market. The yield ratio of equities to gilts has now fallen below 2, taking it to the bottom of the range held for ten years.

That level is seen by analysts as a sign of value in equities; James Capel has been arguing that if the ratio is to

be restored to its average of the last decade, equity prices should be some 30 per cent higher.

Capel also argues that the prospect for equities is better than in the recession of early 1980s. The rate of dividend growth now in constituents of the FT All-Share Index is greater because companies depend less on sales to domestic markets. In a deeper recession than the overseas market, the index also contains a higher proportion of non-cyclical stocks.

Gilts, for their part, were supported by hopes that a cut in UK interest rates if not imminent, is likely in the New Year. Longer gilts benefited the most, with the 10-year gilt up 1/8. The 10-year gilt was up 1/8, the 10-year gilt was up 1/8, the 10-year gilt was up 1/8.

the European Monetary System is that the days of sharp cuts in UK interest rates are over. Any reductions would be slow and steady, and determined more by wider EMS considerations than domestic UK political needs.

Traders seeking a clear lead on the direction of equities hoped for some inspiration from Wall Street, but they were disappointed. During London's trading hours, the Dow Jones Industrial Average moved in a narrow range around the previous night's closing level. However, just as London traders had resigned themselves to a calm end to the day, the announcement of the US initiative on Iraqi peace talks left the FT SE-100 index at 2149.4 at the close, up 12.8 on the day. Turnover was low at 351.5m shares.

FINANCIAL TIMES STOCK INDICES

	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 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WORLD STOCK MARKETS

US MARKETS (Gm)

Symbol	Price	Change
IBM	125.00	+0.25
Microsoft	100.00	+0.50
Apple	150.00	+1.00
Oracle	80.00	+0.75
Sun	60.00	+0.50
Novell	40.00	+0.25
Lotus	30.00	+0.10
Intuit	20.00	+0.15
Visi	15.00	+0.10
Parsons	10.00	+0.05
...

EUROPEAN MARKETS (Gm)

Symbol	Price	Change
Shell	15.00	+0.10
BP	12.00	+0.05
British Petroleum	10.00	+0.05
Unilever	8.00	+0.05
Roche	6.00	+0.05
Novartis	5.00	+0.05
...

ASIAN MARKETS (Gm)

Symbol	Price	Change
Toyota	150.00	+2.00
Honda	120.00	+1.50
Nissan	100.00	+1.00
Mitsubishi	80.00	+0.50
Subaru	60.00	+0.25
...

AUSTRALIAN MARKETS (Gm)

Symbol	Price	Change
BHP	15.00	+0.10
Woolworths	12.00	+0.05
Woolworths	10.00	+0.05
Woolworths	8.00	+0.05
Woolworths	6.00	+0.05
...

NEW YORK DOW JONES

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
2548.15	2548.15	2548.15	2548.15	2548.15

STANDARD AND POOR'S

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
314.42	314.42	314.42	314.42	314.42

INDICES

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
123.17	123.17	123.17	123.17	123.17

NEW YORK ACTIVE STOCKS

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
1,234,567	1,234,567	1,234,567	1,234,567	1,234,567

CANADA TORONTO

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
314.42	314.42	314.42	314.42	314.42

TRADING ACTIVITY

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
1,234,567	1,234,567	1,234,567	1,234,567	1,234,567

NEW YORK ACTIVE STOCKS

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
1,234,567	1,234,567	1,234,567	1,234,567	1,234,567

CANADA TORONTO

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
314.42	314.42	314.42	314.42	314.42

NEW YORK ACTIVE STOCKS

Nov. 29	Nov. 28	Nov. 27	Nov. 26	Nov. 25
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CANADA TORONTO

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WORLD STOCK MARKETS

AMERICA

Dow gains ground after Bush suggestion on Gulf

Wall Street

POLITICAL EVENTS set the tone for the stock market yesterday morning, with equities opening weaker amid concern that war in the Gulf was imminent. The market recovered, however, after President Bush's suggestion of a meeting between Iraq's President Saddam Hussein and the US Secretary of State James Baker, writes Karen Zagar in New York.

Stock prices opened lower after the UN Security Council's endorsement of a resolution to oust Iraq from Kuwait by force. But they rallied later in the morning after the suggestion of meetings between US and Iraqi officials in Baghdad and Washington. Although the President's tone was hawkish, the proposal was seen as an indication that a diplomatic solution to the Gulf crisis might still be found.

The Dow Jones Industrial Average was up 34.41 at 2,533.32 having fallen nearly 10 points earlier. Advancing issues led declining by a ratio of nine to five. On Thursday, the Dow closed down 16.34 at 2,516.98.

Oil prices were also helped by falling oil prices, with the January crude oil contract losing \$2.01 a barrel to \$50.90 after President Bush's comments.

The decline in oil prices

helped the stock market to overcome the dampening effect of a drop in the October index of leading economic indicators which provided further evidence of a contracting economy. The index fell 1.3 per cent in October, 0.8 per cent in September, 1.2 per cent in August and 0.1 per cent in July. Three successive declines in the index are usually interpreted as pointing to a recession.

General Motors dropped 1 1/2% to \$36 1/2 as investors reacted to news that the company might report a fourth quarter loss, citing slower-than-expected auto sales.

Motorola plunged 3 1/2% to \$49 1/2 in heavy trading after a number of analysts cut their earnings estimates for 1991.

US Steel plummeted 3 1/2% to \$27 1/2 after turning in sharply lower third-quarter earnings. The company expects lower earnings for the 1991 fiscal year if retail sales remain soft.

Nike lost \$2 to \$34 amid rumours that an analyst at Montgomery Securities had cut her rating on the stock and reduced earnings estimates, citing slowing sales.

Time Warner fell 3 1/2% to \$82 1/2. The entertainment group has had trouble finding publicity partners to help raise cash through strategic alliances.

Gains were less pronounced in secondary issues, with the Nasdaq Composite up only 0.56 to 356.21 at mid-session. Chiron

lost 1 1/2% to \$40 in over-the-counter trading, after a low of \$37 1/2. An analyst had downgraded her investment rating for the company, which makes therapeutic and diagnostic products.

Canada

A SHARP drop in gold shares, after President Bush offered to send US Secretary of State James Baker to Iraq, pulled down Toronto stocks by mid-session in lacklustre trade. The composite index lost 8.9 to 3,128.1 on volume of 12.3m shares. Declines led advances 127 to 163.

Southern fell 3 1/2% to C\$17 1/2. The Federal Bureau of Competition said on Thursday it had decided to challenge Southern's purchase of several newspapers in southern British Columbia.

Among active gold shares, Corona lost C\$3 to C\$6, Placer Dome slipped C\$3 to C\$17 1/2, Echo Bay fell C\$3 to C\$8 1/2 and Lac Minerals eased C\$4 to C\$9 1/2.

SOUTH AFRICA

JOHANNESBURG was largely stable in dull trading, with activity confined mainly to month-end book selling. The JSE all-share index rose 5 to 2,601, helped by a 13-point rise in the all-gold index to 1,367. Vanl Reeds lost R1 to R21.4.

Competition headache for Toronto traders

Bernard Simon details Canadian efforts to recover domestic stock exchange business

THE TORONTO Stock Exchange's big headache these days is not so much falling share prices as the increasing competition from US exchanges eager for a bigger slice of trading in Canadian securities.

The market has been suffering from most of this year - the Toronto composite index had fallen 11 per cent before the Gulf crisis at the beginning of August compared with a small rise in the US market. It has performed slightly better than its larger neighbour since Iraq's invasion of Kuwait, thanks to its oil and gold resources, but volumes have been subdued.

The slack business has led to the introduction of a number of austerity measures, including 24-hour trading on the exchange a couple of weeks ago. In spite of being Canada's largest stock market, Toronto now handles fewer than half the trades in Canadian shares listed on more than 10 exchanges. Brokers channelled 25 per cent of their orders for interlisted Canadian shares to the New York Stock Exchange in October, just under 10 per cent to Montreal, and 15 per cent to other US exchanges.

The American Stock Exchange (Amex) has been especially aggressive in seeking Canadian listings. Amex

gained 5.4 per cent of trades in interlisted Canadian stocks in October, up from 3 per cent in the first six months of this year. Among this year's listings on Amex are Quebecor, the Montreal printer and publisher, and the packaging company, Lawson-Mardon.

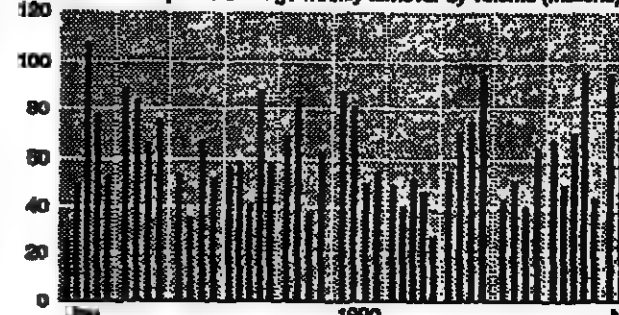
The problem for Toronto is that many institutional and individual shareholders in Canadian companies are based in the US, and several of the most heavily traded companies have their main business offices across the border. Seagram, the big drinks maker, does most of its business from New York, even though its head office is nominally in Montreal. The farm machinery and automotive Canadian Pacific (transport), and Laidlaw (waste management and school buses). Most of the popular Canadian gold producers, eager to attract American shareholders, also have US listings.

Rather than trying to attract listings from US or other foreign companies, the TSE's first priority is to make itself the market of first choice for anyone wanting to trade Canadian securities.

The 140-odd Canadian companies listed on the TSE and

Canada

Toronto SE Composite average weekly turnover by volume (millions)



Source: Dataquest

on US exchanges (including Nasdaq) cover many of the most heavily traded shares, such as Northern Telecom, Canadian Pacific (transport), and Laidlaw (waste management and school buses). Most of the popular Canadian gold producers, eager to attract American shareholders, also have US listings.

Toronto hopes it can attract more business by providing more trading data on Canadian

to trade Bell Canada to pick up the phone to a TSE member firm and not to the New York broker," says Mr. Jim Gallagher, the TSE's executive vice-president and formerly head of the Pacific Stock Exchange in San Francisco.

Part of the strategy is to meet the competition head-on. For instance, Toronto is likely to match the NYSE's move towards limited after-hours trading. But it has shelved plans to set up a separate section with share prices denominated in US rather than Canadian dollars.

Toronto hopes it can attract more business by providing more trading data on Canadian

shares. To that end, it is trying to reward traders who display details of their buy and sell orders to the rest of the market.

Imaginative new products, including put warrants on the Japanese Nikkei index, the TSE35 index, on US government bonds and on the Canadian dollar, started trading earlier this year.

Another innovation has been Toronto 35 Index Participation Units (TIPs) - in effect, a closed-end index fund with each stock having the same weighting as it does in the TSE35 index. But unlike mutual funds, no management fees are charged to TIPs buyers.

The units are aimed partly at small local investors, but also at foreign institutions wanting a "slice of Canada" in their portfolios. Almost half the TIPs stocks are mining, energy and forestry companies; the parcel also includes all six big Canadian banks.

Since TIPs were launched last March, 42,400 units worth C\$79m have changed hands. With an average of 234,000 units bought and sold each day, the TIPs have become among the most heavily traded securities on the TSE.

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Nikkei recoups most of day's loss on rate talk

Tokyo

EQUITIES sank, then recouped most of their losses yesterday following the UN Security Council's approval of military action against Iraq, writes Shiro Teramoto in Tokyo.

After opening at the day's high of 2,654.04, the Nikkei index fell to a low of 2,610.15, dropping below 2,600 for the first time since October 1. A fall in the yen, which opened 10.55 weaker against the dollar, added to the gloom.

Stocks rebounded in the afternoon, however, on rumours that leading securities houses had asked the Bank of Japan to ease interest rates, and on index-related buying, although traders said that underlying sentiment was still bearish. The Nikkei closed at 2,654.04, down 287.97 on the day and 4 per cent on the week.

Volume stayed thin at 320m shares; declines led advances by 725 to 189 with 122 unchanged. The Topix index of all first section stocks fell 1.55 to 1,632.01 and in London, the FTSE100 index fell 6.02 to 1,269.51.

More than 200 issues fell to the lows of the year, but some managed to recover in the afternoon rally. International blue chips regained some strength as Sony rose 730 to ¥3,780, TDK ¥10 to ¥4,150 and Kyocera ¥200 to ¥5,500.

Matsushita Communication Industrial, a car audio and mobile phone maker, rose ¥30 to ¥3,030 on the news that the Ministry of Posts and Telecommunications had decided to liberalize the car and portable telephone markets in 1994.

Transportation issues were strong due to the deregulation of trucking freight rates and licences, beginning on Decem-

ber 1. The move favours the trucking companies and Yamato Transport, the largest door-to-door parcel delivery service, rose ¥30 to ¥1,070.

Isehan, a leading department store, dipped ¥70 to ¥2,380. It fell for the fifth consecutive day on rumours that a real estate speculator was in financial trouble and might unload the Isehan shares it owns.

Showa Denko, a general chemical company, fell ¥45 to ¥415, hurt by a report that it was facing up to 400 lawsuits filed in the US, due to the alleged side effects of its essential amino acid product.

On the Osaka, the OSE average fell below the 2,500 level for the first time since October 2, closing 48.25 lower at 24,671.63 on volume of 33.3m shares. Speculative and high-technology issues lost ground, while blue chips in the Kishida funds, the top regional funds, were firm.

THE UN's decision to approve the use of force against Iraq and Tokyo's fall sent most Pacific Rim markets lower yesterday. Manila was closed.

AUSTRALIA fell 1.7 per cent as war fears spurred. Heavy end-of-month options turnover also depressed prices. The All Ordinaries index lost 22.6 to 1,819.7, down 3.5 per cent on the week.

Banking shares continued to be weak following ANZ's poor results. The stock fell 31 cents to A\$3.40. Adelaide lost 23 cents to 35 cents on continued nervousness about the company's A\$3bn asset sale and debt reduction programme. The share price fell prompted an official inquiry by the An-

trian Stock Exchange, and requests for more information from the company by Monday.

NEW ZEALAND fell 1.3 per cent to its lowest level since November 1984. The Barclays index fell 18.14 to 1,255.75, down 3.3 per cent on the week. Turnover improved slightly to NZ\$28.0m after Thursday's low NZ\$28.5m. Carter Holt Harvey fell 3 cents to NZ\$2.08 after reporting a drop in first half post-tax operating profit.

TAIWAN was boosted by active buying in banks and small, speculative shares. The weighted index climbed 167.13 to 4,577.21, but was down 11.2 per cent on the week. Trading volume rose to 738.92m from 725.45m.

SEOUL ended higher on demand from individuals for financial issues and intervention by the stock market stabilisation fund. Investors are optimistic about the government's plans to realign the financial sector.

The composite index gained 4.48 to 697.03, a rise on the week of 2.5 per cent, in turnover of Won208.9m, down from Thursday's active Won34.4m.

HONG KONG and SINGAPORE both eased, but ended above their day's lows as the Nikkei recovered in afternoon trading. The Hang Seng index fell 13.39 to 1,956.06, a decline on the week of 1.7 per cent, in turnover of HK\$1.45bn. The Straits Times Industrial index lost 2.82 to 1,108.58, a weekly fall of 2 per cent.

BOMBAY fell for a third consecutive day, the BSE index losing 12.51 to 1,186.58 for an 8.3 per cent loss on the week.

EUROPE

Gentle recovery concludes a subdued week

AFTER A gloomy Monday and an indecisive Tuesday, most bourses recovered a little yesterday, the FTSE 100 index closing 7.87 better on the day, still 1.4 per cent down on the week, writes Our Markets Staff.

BRUSSELS was closed by a fire. FRANKFURT took a hit from a CDU win in Sunday's elections, and saw buying on the rally in the dollar on currency markets. The DAX and DAX index rose by 4.40 and 32.31 to 3,827.2 and 1,411.23, still showing falls on the week of 2.6 and 2.5 per cent respectively.

Volume rose from DM3.5bn to DM4.1bn. The rise in the dollar was good for carmakers and steel. BMW putting on DM13.50 to DM14.50 and Hoechst rising DM10.70 to DM11.50 in spite of news of a 13 per cent drop in October's German crude steel production.

LINCOLN fell another DM1.2 to DM6.45, down DM45 in two days. Rudolph Hell, the Siemens subsidiary to be merged into Linotype, announced 500 job cuts from 2,464 workforce due to declining orders.

In another takeover move, Westdeutsche Landesbank said it might take the 51 per cent of Herten owned by BAT Industries of the UK. Herten shares rose with the market, by DM3.90 to DM21.80.

AMSTERDAM ended mixed. The CSE Tendency index was 0.4 higher at 94.7, giving a fall of 2 per cent on the week.

HCS Technology continued to slip, clouded by an earnings downgrade from Volmac, the software house, and ended 30 cents easier at F10.40. The stock was also harmed by news of deteriorating US prospects.

One analyst said that news of Linotype's takeover by Linotype could put pressure on Bülmann-Fetters which owns about 5 per cent of the German typesetting company and has a significant presence in related businesses. The stock was steady at F1.60.

Philips fell 10 cents to F12.50 following a downgrade in its credit ratings in the US. On a more positive note, Philips reached agreement with the Dutch trade unions on

the terms of its redundancies. PARIS kept within a 12-point range on the CAC 40 index, which ended 1.94 down at 1,055.12, a fall of 2.1 per cent on the week. The index has finished each day this week perched just above 1,000.

GTM-Entreprise jumped FF22 to FF306 on volume of 8,950 shares after Lyonnais des Eaux-Dumez said that it had raised its stake in the construction group to 58.7 per cent from 50.1 per cent, an increase of 87,700 shares.

Among the most active stocks, Thomson-CSF, the defence electronics company, dropped FF4 to FF112 on profit-taking with 455,300 shares traded.

Axa Mid, the insurer, gained FF2.90 to FF22.90 in light trading after denying a press report that it was negotiating to buy Royal Insurance, Guardian Royal Exchange or Commercial Union of the UK.

MILAN was lifted by purchasing of stock by traders to meet settlement commitments for the November account. Prices were expected to continue improving next week on further short-covering.

There was also some optimism about a meeting scheduled for yesterday evening between Prime Minister Giulio Andreotti and floor traders on speeding up stock market reforms. The Comit index rose 2.48 to 508.15, Montedison rising L26 to L1.351.

STOCKHOLM rose for the third day in a row on renewed buying interest from institu-

tions, fanning hopes that prices had at last reached a floor. The Affarsvarden General index gained 13.5 to 842.3, giving a rise of 1.6 per cent on the week. Volume rose to SKr3.8m from SKr3.5m.

After falling more than one per cent by midday, Ericsson B free shares were again the most heavily traded share. With SKr3.5m worth dealt, the shares rose SKr1 to SKr158.

OSLO rose for a seventh successive session, with the all-share index gaining 8.18 to 497.73, a 6.2 per cent advance on the week. Turnover was active at Nkr54m, but traders said this was boosted by tax-linked transactions. Aker shares gained Nkr7 or 7.6 per cent to Nkr95.

ZURICH ended only 0.5 per cent lower on the week, the Credit Suisse index rising 3.9 to 462.3. Nestlé topped the active list, rising another SF100 to SF17,000 on its drinks venture with Coca-Cola.

ISTANBUL continued to fall on CMBI's news that the index stood 54.97 to 3,255.96, its lowest level since April 17 and a loss of 13.3 per cent on the week. In ATHENS, the general index rose 23.77 to 822.14, reducing its fall on the week to 2.7 per cent.

BRISBANE saw its volume boosted by trade in a company which was being delisted. The 100% all-share index rose 2.6 to 416.5. Total turnover was FM\$70.1m, of which FM\$350m was in Sponsor shares for which Securix was bidding with the aim of taking it off the exchange.

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LONDON SHARE SERVICE

BRITISH FUNDS							BRITISH FUNDS—Contd							AMERICANS—Contd						
1990	1989	1988	1987	1986	1985	1984	1990	1989	1988	1987	1986	1985	1984	1990	1989	1988	1987	1986	1985	1984
High	Low	Stock	Price	10	10	10	High	Low	Stock	Price	10	10	10	High	Low	Stock	Price	10	10	10
Intra-Linked																				
										(a)		(1)								
"Shorts" (Lives up to Five Years)																				
97.9	97.9	97.9	97.9	97.9	97.9	97.9	126.0	126.0	126.0	97.9	97.9	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0
97.9	97.9	97.9	97.9	97.9	97.9	97.9	126.0	126.0	126.0	97.9	97.9	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0	126.0
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MOTORS, AIRCRAFT TRADES

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Components

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Major seeks cabinet unanimity on Europe and to rebuild party confidence after an emotional week

Labour targets Tory unity effort

By Ralph Atkins

MR JOHN MAJOR last night faced the start of a concerted Labour party campaign to derail his efforts to re-unite the Conservatives around a cabinet agreement on European policy.

With the turmoil surrounding this week's Tory party leadership contest fading, the Foreign Office was working on a draft document setting out Britain's policy on Europe for debate by cabinet ministers.

However, Mr Roy Hattersley, Labour's deputy leader, will today dismiss the government's plans as an attempt to "paper over" the massive differences on Europe.

Mr Major was attacked yesterday by Mr Neil Kinnock, opposition leader, for failing to

appoint any women to his cabinet and for allowing himself to be "bounced" by Mrs Thatcher into backing the poll tax.

On his second full day as prime minister, Mr Major again found himself embarrassed by his treatment of women ministers. Mrs Lynda Chalker, minister for overseas development, revealed she had refused an offer to become deputy chairman of the Conservative party.

Mrs Chalker said she had decided it would be difficult to combine the two posts. Downing Street officials said she had also decided against just the "paper over" of the massive differences on Europe.

Further changes announced to the government yesterday

included a first government job for Miss Ann Widdecombe, the MP for Maidstone and a supporter of Mr Douglas Hurd, the foreign secretary. Mr Tim Yeo MP, another Hurd supporter, was also promoted.

Mr Major will underline his commitment to uniting the party next week when formally appointed Tory leader at a special meeting of the party. He will oppose any "witch hunts" by constituency associations against Tories who backed his leadership rivals.

Cabinet ministers appear anxious to rebuild Conservative confidence at the end of an emotional week in which the party narrowly avoided a third ballot in the leadership elec-

tion. Mr Tom King, defence secretary, spoke yesterday of the "spirit of real determination and unity."

Mr Chris Patten, Tory party chairman, said the government had "to improve the quality of life for people in Britain, building on the changes in health, education and transport made over the last few years."

Labour, however, will seek to regain the political initiative next week with campaigns on health and education. The party will also want to sell its own policy on European economic and monetary union as agreed by its National Executive Committee.

Leader, Page 3
First the style, Page 3

Brent Walker beats deadline for bond issue

By Maggie Urry

BRENT WALKER, the leisure group, was last night understood to have beaten the midnight deadline on its conversion of £100m of debt into equity.

It is understood that Mr George Walker, chairman and chief executive of the company, found new investors this week after one or two of the places had decided not to invest the full amount originally planned.

While the completion of the bond issue is an important step for Brent Walker, which operates pubs, betting shops, hotels and leisure complexes, the group still faces problems.

The bankers' agreement was a temporary measure. It allows a standstill on capital repayments on £1.1bn of the group's debt until the end of 1991 in return for higher interest rates and charges over the company's assets.

The group's debt totals £1.4bn when off-balance sheet debt and contingent liabilities are included.

Over the next few months, the group and its lenders are to discuss a restructuring of its liabilities in order to tailor them to its assets and cash-flows. The group is also required to raise £50m through asset disposal, in spite of the poor state of the property market.

The completion of the bond issue also clears the way for changes in the group's board.

It is expected that Mr Walker's dual roles will be separated, and that a strong non-executive chairman will be appointed along with more non-executive directors.

Brent Walker's bankers and institutional investors have been pressing for these changes.

The group has already said that a new finance director will be appointed to replace Mr Wilfred Aquilina, who will stay with the company in another capacity.

The bond issue was fixed at a total amount of £103.2m in September with a minimum issue size of £100m imposed by one of the places. The bankers' refinancing package was conditional on the bond issue raising at least £95m.

A bankers' agreement was a temporary measure. It allows a standstill on capital repayments on £1.1bn of the group's debt until the end of 1991 in return for higher interest rates and charges over the company's assets.

The group's debt totals £1.4bn when off-balance sheet debt and contingent liabilities are included. Over the next few months, the group and its lenders are to discuss a restructuring of its liabilities in order to tailor them to its assets and cash-flows. The group is also required to raise £50m through asset disposal, in spite of the poor state of the property market.



George Walker, chairman and chief executive: with completion of bond issue, his roles may well be separated

US is in throes of recession, data show

By Michael Proulx
in Washington

THE US economy appears to have slid into recession, according to economists, after the fourth successive monthly decline in the composite index of leading indicators.

The index, which consists of 11 forward-looking measures including consumer expectations, initial claims for unemployment insurance, share prices and real money supply, dropped 1.2 per cent in October.

The fall follows sizeable drops in August and September and a string of weak economic statistics. Mr Nicholas Brady, the US treasury secretary, yesterday signalled his concern about the deteriorating economic outlook and fears of a "credit crunch", re-emphasising warnings to bank regulators to use judgment and apply balance.

He told the Securities Industry Association in Florida: "In evaluating loans, let's not run a competition on pessimism." The banking system had to remain a taker rather than a shudder of risks.

The October decline in the composite index of leading indicators reflected falls in eight of its 11 constituents.

In the post-war period, recessions have always been preceded by falls in the index. But it has not been an infallible guide: on several occasions, most recently following the October 1987 stock market crash, the index fell for three or more months without being followed by recession.

However, prolonged declines have always correctly signalled sharp slowdowns in growth. Given the sluggish rate of growth earlier this year, gross national product thus appears likely to fall, perhaps sharply, in the current quarter and early next year.

The popular definition of a recession is two successive quarters of negative growth.

Mr Richard Berner, an economist with Salomon Brothers in New York, said the successive falls in the index were best regarded as "confirmation that the economy had moved into recession".

Bush

Continued from Page 1

posed diplomatic exchanges was going to produce a lot - "we're just going the extra mile".

Mr Bush rejected calls that he should summon a special session of Congress over the coming weeks, though he said he would continue to consult Congressional leaders.

While Congress was free to renege on its own authority to endorse his policy and the UN resolution, "what I don't want is a kind of a hand-wringing operation that would send bad signals".

He explained that he had chosen to highlight his belief that there would not be another Vietnam war because of his concern to reassure the families of US troops that "if a shot is fired in anger I want to guarantee every person that their kid will have the maximum support and will be backed up to the hilt by American firepower and others as well."

The timing of the restructuring is bound to complicate the task of Mr Major and his cabinet. The Kingston plant to be closed is in the constituency of Mr Norman Lamont, the new chancellor of the exchequer.

Rover job cuts, Page 4

THE LEX COLUMN

The real world breaks in

The past week has provided a textbook example of the London market turning from the thrills of domestic politics to a more sombre international reality. This is not to deny that the trials of the Tory party have proved highly profitable for investors. When Sir Geoffrey Howe resigned, it may be recalled, the equity market was looking distinctly bedraggled, having fallen by 8 per cent since ERM entry three weeks before. But it recovered instantly on the news, with the FT-SE rising 7 per cent on the run until the day Mrs Thatcher resigned in her turn.

It was perhaps bad luck that the passing of this excitement coincided with an ugly reminder that the Gulf crisis will not go away merely because the markets had forgotten about it. Deadlines for the outbreak of war have been receding ever since Kuwait was invaded. Nevertheless, the date of January 15 has a formidable specific ring to it. There is still a school of thought in the markets that the outbreak of war will represent a clearing of the air and a buying opportunity. The closer we get to hostilities, the slier this view is likely to appear.

The other cloud on the international horizon is the continued upward movement in German interest rates. Partly because of that, the markets have retreated somewhat from their previous confidence about an immediate cut in UK base rates. The purely domestic conditions for a rising equity market are still in place. The fundamental problems, as for some time, are overseas.

Germany

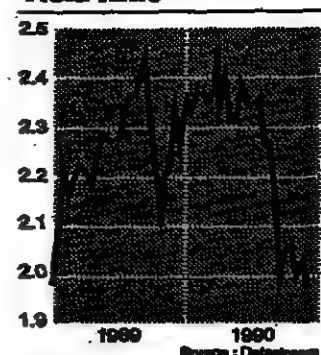
It is rash to assume that German voters are any more altruistic than electorates elsewhere. So if Chancellor Kohl wins tomorrow's federal elections as decisively as most polls predict, it may be more of a vote against the SPD's Mr Lafontaine, with all his talk of tight belts and higher taxes, than a resounding endorsement for the ruling coalition.

The trouble for the capital markets is that no-one has much of an idea of what genuinely non-inflationary plan Mr Kohl can come up with for bridging the DM150bn deficit likely to open up in 1991 in Germany's public finances.

Bundesbank officials have been hinting very broadly that with inflation at 3 per cent or less, there is no call for an official rise in interest rates; but until the budget issues is sorted out, it is impossible to be sure.

FT-SE Index: 2,149.4 (+13.5)

Yield ratio



Normally, the capital markets would have responded enthusiastically to the increasing likelihood of a resounding win for the right-wing ruling coalition. They have not done so. Government bond yields are still wedged above 8 per cent. As for equities, the DAX index is still nearly 25 per cent below its spring-time peak and post-election rally now seems unlikely too.

Aside from the budget deficit and the Gulf, there are simply too many potential pitfalls between now and the sunny uplands of 1992, when the old East Germany should be starting to motor. The weak dollar is squeezing the life out of exporters' earnings growth; the trade unions are getting restive again; and to cap it all, the moment the equity markets recover, so the likes of Volkswagen and the banks will doubtless be wheeling out the rights issue bandwagon.

US dollar

Aside from Germany, the big event of the past week has been the surprising bounce in the US dollar. This is the more surprising because part of the dollar's strength is now being ascribed to its attractive status. When the Gulf crisis began everyone predicted that money would flood into the dollar. In fact it did the reverse. Since then the dollar has become even less attractive as the interest rate gap between US and German rates has almost doubled.

Very little weight should be put on the safe-haven status and the other reasons for the greenback's recent surprising strength. True, some authorities are beginning to become concerned about the speed of the dollar's decline. This is bound to affect sentiment when the dollar is

already 25 per cent undervalued on a purchasing parity basis. However, the Germans and Japanese, the two most powerful financial powers aside from the US, have shown no obvious concern as yet. Without their assistance there is little that can be done.

The other suggested reason for the dollar's latest bout of strength - that the Fed is increasingly reluctant to ease - is equally hard to support. Admittedly, short-term euro-dollar rates have risen by almost half a percentage point since the Fed eased a fortnight ago. But this reflects a surprisingly early surge in the need for funds for year-end window dressing. The prime culprits seem to be the Japanese. If that continues for long it will be a cause of some concern.

British Aerospace

There are two ways of looking at BAE's plans to close its Preston and Kingston military aircraft sites. Only one of them is good news for the shares. The encouraging thing is that BAE is finally getting rid of old plant which probably should have been rationalised 20 years ago in the chaotic days of the British Aircraft Corporation. If BAE delivers something near to the hoped-for 25 per cent cut in its military aircraft cost base, it will go a long way towards addressing the group's old problem: that it just does not make enough money out of its plant turnover. Military aircraft was BAE's mainstay throughout the 1980s, thanks to the Tornado and Harrier. Even so, the division's published profit margins were mostly 10 per cent or less.

The less welcome aspect of the whole question of what happens to BAE's earnings stream as Tornado profits taper off in the early 1990s, BAE's official line is that such worries are misplaced. After all, even if the main Tornado production line grinds to a halt in 1992, the Al-Yamamah order will continue and Tornado customers will still need spares and refills. But as BAE's plans close down demonstrate, the military aircraft business is getting tougher all the time, whether the European Fighter Aircraft flies in service or not.

The measure of the problem for the investor is that BAE's shares are yielding less than 6 per cent. This is a demanding rate for a company two of whose brightest hopes for the future, Airbus and Rover, may still be two years away from real profitability.

CHIEF PRICE CHANGES YESTERDAY			
FRANKFURT (Dms)			
Aachen	710	+ 20	
Affenz AG	2150	+ 20	
BW	414.5	+ 15.5	
Bilfinger	542.5	+ 18.5	
Heidelberger	1150	+ 45	
Industrie Werke	595	+ 15	
NEW YORK (\$)			
Chrysler	40	- 14	
Gen Motors	38 1/2	- 1 1/2	
Motorola	49 1/2	- 4	
Nike	34	- 2	
Time Warner	52 1/2	- 3 1/2	
US Steel	82 1/2	- 1 1/2	
PARIS (FFrs)			
Cheminot Fr	936	+ 26	
LONDON (Pence)			
AB Elect	95	+ 8	
Allied Colloid	121	+ 5	
BAT Inds	580	+ 12	
Brent Walker	88	+ 11	
Cookson	116	+ 7	
Fyl Bank Scot	133	+ 7	
Shilaw	133	+ 7	
Thorn EMI	985	+ 20	
Traf House	170	+ 10	
Vale	7 1/2	- 4 1/2	
Wynham	45	- 20	

WORLDWIDE WEATHER			
UK today: fog and frost patches giving rise to a cloudy, dry and slightly chilly day. Evening quickly becoming frosty under any clear skies. Outlook: similar.			

Yield ratio		Yield ratio		Yield ratio		Yield ratio	
1980	1985	1980	1985	1980	1985	1980	1985
Japan	2.0	Dallas	1.5	Madrid	1.8	Prague	2.0
FRG	2.2	London	1.5	Moscow	1.8	Warsaw	2.0
UK	2.2	Paris	1.5	Stockholm	1.8	Vienna	2.0
Italy	2.2	Brussels	1.5	Amsterdam	1.8	Brussels	2.0
Spain	2.2	Frankfurt	1.5	Belgium	1.8	Frankfurt	2.0
Sweden	2.2	Edinburgh	1.5	Malaga	1.8	Rio de Janeiro	2.0
Belgium	2.2	Barcelona	1.5	London	1.8	London	2.0
USA	2.2	Perman	1.5	Manchester	1.8	London	2.0
Switzerland	2.2	Geneva	1.5	London	1.8	London	2.0
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The median return on pension fund portfolios under Globe Morley's management was over 38% compared with CAPS median return of 32% for the 12 months to 31 December 1989.

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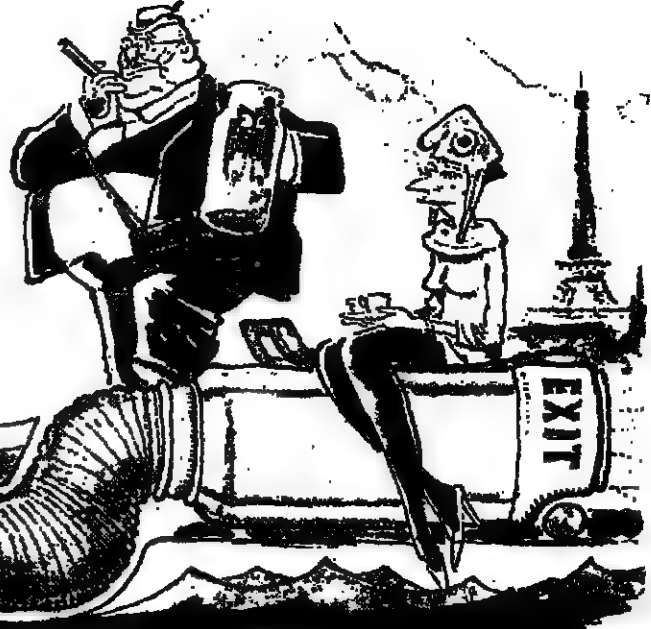
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Weekend FT

SECTION II

Weekend December 1/December 2 1990

RIP Little England, buried at sea today



The train now standing at platform five is the 11.32 to Hong Kong. Calling at Lille, Brussels, Berlin, Warsaw, Moscow, Novosibirsk, Ulan Bator and Peking. Change at Moscow for the Caucasus and all stations to Krasnod. Change at Novosibirsk for Urumchi, Lhasa and connections to India. The new four coaches are for Maidstone and Ashford only.

A FEW swings of the pick this morning is all it will take to hack a man-sized breach in the chalk partition and put an end to Little England. From each side of the wall two construction workers chosen by lot will step forward. It will be their historic privilege to pass through the breach and, travelling by wagon east and west to the tunnel mouth, become the first human beings to make a land crossing between England and France since the retreat of the last European Ice Age 10,000 years ago. Today's ceremony 50 metres below the seabed at a point 24 kilometres from England and 15 km from France is not merely the emotional climax of the biggest construction project in Europe. For all who witness it, it will be a moment of deep symbolism, overshadowing the financial anxieties of Eurotunnel's managers, bankers and shareholders and the running battles between the company and its competitors.

Those three subterranean capillary tubes (two for trains, one for maintenance and escape) winding between the white cliffs of Dover and the flat brown beaches of Calais mean the end of Britain's geographical isolation. It is the end of what Britons think of as their island story, the end of Little England.

Lord Randolph Churchill told the House of Commons in 1898: "The reputation of England has hitherto depended upon her being, as it were, *virgo intacta*." No more. Britain's hesitant marriage to the European Community in January 1973 is the physical consummation. The shy bride has been deflowered and the sheets hung out for ribald inspection by the neighbourhood.

It is a sombre day for nationalists and xenophobes, a black day for *Shen* writers and all who think that wogs start at Calais. ("Up yours, Delors!"). They will witness at the penetration of the sceptic's tale by a concrete-lined conduit for mass-

transit and garlic-munchers, for masked terrorists, drug dealers and rabid animals. Yet Little Englanders who see in the tunnel a violation of their sovereign insularity are certainly outnumbered by Britons who will bless it as a long-overdue and reliable escape route into a wider world. After all, the trains will run in both directions.

The French - and other Europeans too - will find less significance in today's ceremony. For them the tunnel is a fine, big building project and a quicker way of getting to Harrods. French tourists may decide to visit England more often but the politicians in the Calais-Nord region are mainly interested in the economic consequences: here at last is the means of bringing people and money into their depressed region, creating a European crossroads in an empty corner of the Continent, and compensating them for years of neglect by distant Paris.

Providence, with her usual sense of irony, had decreed that the historic event should occur within days of Margaret Thatcher's resignation as prime minister of Britain in a political conflict provoked by the question of European integration. There is symbolism, surely, in the fact that the junction of Britain and the European continent is occurring under a new British prime minister.

Even as the two digging machines in the central maintenance tunnel were grinding towards each other, the Conservative government was being shaken to its very foundations by arguments over the pace of the country's integration into Europe, culminating in the resignation of the deputy prime minister, Sir Geoffrey Howe, on November 1. The *Economist* magazine recognised the irony of the situation on its front cover by portraying Thatcher as an Edwardian dandy in a punt, poling Britain away from the European mainland.

To call Thatcher a Little Englander is perhaps going too far but, as Sir Geoffrey said in his resignation speech, "she seems sometimes to look out upon a continent that is positively teeming with ill-intentioned people scheming, in her words, 'to extinguish democracy', to dissolve our national identities, to lead us 'through the back door into a federal Europe'."

Her attitude to the tunnel was rather like her attitude to European integration as a whole. If businessmen and bankers thought the thing would pay its way, then

by all means let them go ahead and good luck to them. But her government was not going to make the taxpayer underwrite a possibly profitless monument to European unity. Yet it is Thatcher, the British mercantilist and reluctant European, who with President Francois Mitterrand of France must take the credit for achieving what generations of politicians and entrepreneurs failed to achieve.

If you fly over this absurdly narrow strait it is hard to understand why the link was so long in coming. From the air Britain appears to be merely riding at anchor, waiting for the signal to come in to port, her rump of white cliffs rising comically out of the water like a ruffled petticoat. Crumbling gun emplacements and rolls of rusty barbed wire behind the pebble beaches remind the patriotic Englishman of his invulnerability, of the continuity that has allowed him to build his cosy world of bungalows, potted cottages, amusement arcades, parish halls,

her from which the tunnels could be driven out to France and back inland to the rail terminal. The spoil has been heaped up outside the burrow and flattened to make a promontory for workshops and machinery. The terminal at Folkestone has had to be compressed lengthwise into a valley between the hills and the town suburbs, at its western end pressing against the hamlets of Frogholt, Peene and Newington.

On the other side, the French have had all the space they need. Under a cruciform hangar close to the beach at Sangatte is the mouth of the biggest hole in Europe, a shaft 35 metres across and 70m deep, in which machines the size of bulldozers can be seen sallying up and down on cables from the gantry crane. The excavated chalk is diluted to porridge and pumped into a reservoir behind. As for the terminal inland, it is the size of a small town and will become, the French hope, a lucrative stopping point mid-way between Old

Francis I of France. The people of Calais are thinking of another sort of burger as they prepare to receive the car-borne multitudes that will be pumped through the tunnel after mid-1993. Their English counterparts will not be far behind. Besides a windmill near the terminal Brent Walker, the British property company founded by former boxer George Walker, is finishing one of many new hotels that are expected to spring up. And the farmer by the tunnel mouth, feeding his chickens as if nothing was afoot, is surely waiting for the fast-food magnate with the biggest cheque.

If the French have always liked the idea of a fixed link, the British have always been passionately divided. Sir Winston Churchill, Lord Randolph's son and the last British leader actually to face a threatened invasion, was an advocate. But as he observed in the Daily Mail on February 12, 1938: "There are few projects against which there exists a deeper and more enduring prejudice than the construction of a railway tunnel between Dover and Calais. Again and again it has been brought forward under powerful and influential sponsorship. Again and again it has been prevented. Governments of every hue, Prime Ministers of every calibre, have been found during successive generations indifferently opposed to it." As if anticipating the Dunkirk evacuation, Churchill pointed out that a tunnel could be invaluable to Britain in ferrying men and munitions to and from the Continent and that it was easily flooded in case of danger.

Work was begun at Shakespeare Cliff and 2,000 metres were driven before the government stopped the project for reasons of national security. The last attempt to build the link was abandoned by the Labour Government in 1975, to the fury of the French, for economic reasons.

The prospect of war in western Europe seems infinitely remote now. Indeed, the European Community was created in order to make such a war unrepeatable. But as a final safeguard, the Channel Tunnel Treaty (signed, incidentally, 50 years to the day after Churchill's Daily Mail article) allows the two governments to consult each other, if circumstances permit, and to close the tunnel "in the event of natural disaster, acts of terrorism or armed conflict, or threat thereof." Exactly how the tunnel would be shut is not revealed, but according to Eurotunnel's technical director, switching off the pumps that carry away the constant seepage of water would quickly render the railway unusable.

Fifty metres below the bed of the English Channel this morning a few swings of the pick will join Britain to continental Europe. Christian Tyler contemplates the implications of a long-awaited marriage

tea shops and old-world eating places with names like "Khyber Tandori". On a calm day the Channel looks about as threatening as a municipal boating lake, and not much deeper. A beige sea of sandbanks is visible below the surface of the water, crisscrossed in one direction by yachts, hovercraft and ferries and in the other by container ships and oil tankers. But as the flat beaches of France come into sight, the scale is blown up as if to suggest the vast European landmass behind them. It is an empty landscape of isolated, red-tiled farmhouses and broad fields from which hedges and trees have been ruthlessly removed.

Differences of geography have prevented any symmetry in the two ends of the project. On the English side the tunnellers have been forced to create a kind of fox's earth at the foot of Shakespeare Cliff, hewing down a gradient to make the chan-

England theme park and EuroDisneyland. England, of course, has always had a foot in this corner of France and many of the local dignitaries are frankly Anglophile. After all, King Edward III captured Calais in 1347 when the six burghers, immortalised today in Rodin's statue, offered themselves as security for the town and were released by the entreaties of Edward's queen. Calais was recaptured by Francois, Duc de Guise in 1568, but left its name engraved on the heart of Mary Tudor. Calais celebrates its English past with its Windsor, Victoria and George V hotels, and with offers of "one escapee dans le Kent", day trips to the "charmant petit port" of Ramsgate or to "Hastings historique (magasins fermes le Mercredi après-midi)". Some have suggested that the Calais terminal be renamed Cloth Gold to the famous famous meeting nearby of Henry VIII of England and

concern about terrorism has been largely assuaged: it would require an enormous bomb to destroy the tunnel itself, says Eurotunnel, and the effects of a smaller device smuggled on to a shuttle train would be nasty but limited. Rabid animals will be watched by cameras and deterred by "stim mats" at the tunnel entrances.

There are other, less obvious, hazards. Far below the tunnels lies the Variscan fault, the cause of occasional earthquakes. The last one of any size occurred in 1580 and knocked chimney pots off in Flanders. The tunnel's engineers have been told to ensure that the pumps and other equipment will survive a tremor by at least 90 minutes - the time it will take to evacuate the passengers. Meanwhile, even as the builders are tying England to the mainland, Continental drift will be pulling the two apart at the rate of 10 millimetres a century. The tension will open micro-scopic cracks in the joints between the sections of lining.

At 80 miles an hour, who will notice? Britain is now cemented into Europe. The occasional rumble or the odd crack cannot alter the fact, and after the seismic shock of Thatcher's departure, what can dissolve the union that still be consummated and celebrated below the seabed today?

Chancellor Kohl and your mortgage

YOU HAVE filled in one form for your bank reducing your monthly mortgage instalment. If it was like mine, it will have come too late to implement in time for the November payment. Never mind; the important question is how long will it be before you fill in another, and another.

That will be a subject at the very top of the economic agenda of the prime minister John Major and his Treasury successor Norman Lamont. Aside from the poll tax, the high level of mortgage rates has been the key domestic issue that brought down Margaret Thatcher. Only by conceding participation in the exchange rate mechanism did she persuade John Major, as Chancellor, to agree to a one-point cut two months ago.

In theory, that was the last of the political cuts: now we are in the ERM, monetary policy is driven entirely by the need to maintain a narrowly-defined exchange rate against the other EC currencies.

When sterling is in the bottom half of its trading range, as it is now, there ought to be no threat of any cuts.

It is true that sterling interest rates are subject to slightly more flexibility because the pound's exchange rate is limited by 6 per cent fluctuation bands rather than the 2 per cent zone that applies to the other major currencies.

Nevertheless, in theory there should not be any interest rate reductions unless sterling were to surge strongly. But it seems that political thoughts are far from dead, and some people



John Major trimmed only one percentage point off interest rates in 14 months at No. 11 Downing Street. New tenant Norman Lamont will hope to do better

monetary mistakes of the late 1980s; the banking system is in an even worse mess in the US, and looks pretty battered in Japan too. The heady delights of deregulation encouraged bankers around the world to get their lending boots on, especially the Japanese whose

low cost of capital and market share mentality prompted them to add huge new resources to the global banking industry. But the UK had a particularly low resistance to the monetary infection.

Politicians sat back complacently in the reflected glow of booming stock markets and house prices. The disease spread as companies borrowed billions to spend on such others as advertising and research. Inevitably banking boom has turned to banking bust. Talk of a credit crunch is exaggerated, but it is bound to seem like that to marginal borrowers when bankers turn down the credit studies from flood levels to something like normal flow.

Britain therefore faces a recession driven largely by the need of the corporate sector to repair its balance sheet; assets must be sold, investment must be cut, working capital has to be trimmed back. In the end, real pay growth will suffer too, although this does not appear to be as high up the priority list for most employers as the Government might like.

Here we come back to politics. Tomorrow Germany goes to the polls, apparently to give Helmut Kohl a resounding victory. There will then be the possibility that the Bundesbank will take its revenge for being steamrollered during the process of German reunification and will raise DM interest rates to reflect the current German economic boom. The Bundesbank is independent, but evidently more so in some circumstances than others.

If the Bundesbank really

flexes its muscles there may even be a realignment of the EMS currencies. The new British Government would have a chance to take a different view about where precisely it wanted sterling to go, and whether it was appropriate to underline that decision by moving to the 2 1/2 per cent band. But a Major government is much less likely to want a second guess at the exchange rate than a Thatcher one. On the other hand, the very fear of realignment is at present tending to keep sterling's risk premium up, but it would fall after one had been completed.

On this basis it is possible to see sterling short-term rates down to 12 per cent by next spring. Domestic pundits are taking comfort from the likely fall in the headline inflation rate into single figures when the November calculation is published in the middle of this month, but foreigners will be far more interested in UK pay inflation than in the headline RPI figure - and pay inflation has yet to come off the boil. So any major move downwards - towards 10 per cent, say - could only come in the wake of a truly nasty recession.

That would jolt the labour market into an entirely new frame of mind, but it might also ruin John Major's chances of an extended tenancy of No 11 Downing Street.

RETIREMENT

Five key facts

1. Once you've retired, your concern is going to be how to generate income, as well as growth to provide an eventual rise in income to protect your standard of living.
2. Statistics show that these days people are living longer than ever: a man aged 60 can expect to live until 77, a woman aged 55 until 81. So your financial planning must take this into account.
3. If you put all your capital on deposit with a Building Society and take the interest as income, the value of your capital, in real terms, must fall.
4. Over the long term, only a sensible mix of equity and fixed-interest investments can hope to deliver high income, capital growth and real security in retirement, even taking into account the fact that the value of your investments will go up and down depending upon stockmarket volatility.
5. Today, more than ever, you need sound, independent, specialist professional advice.

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MARKETS

LONDON

Desert winds carry grim omens for Major

NORMA AND NORMAN were moving house in Downing Street, but when it came to moving markets, larger and darker forces – the Men in Khaki Suits – were at work this week.

It was a sharp lesson in reality for the new recruit to the premiership. The young man did all the right things: combed his hair neatly, wore a clean shirt, and arrived at his desk early for the first day in his new job.

But when John Major returned from meeting the boss on Wednesday morning, there were no "good luck" bouquets from the City, which had applauded his appointment the previous evening. Contrary to analysts' forecasts, the certainty that Britain had a new prime minister did not inspire even a token rise in equities when the markets opened on the Dawn of a New Era. The FT-SE 100 index slipped 15.2

points on Wednesday, and ended the week down 21.1 points at 2,149.4.

The equity market appeared to have taken account of a possible Major victory in last week's rally. As for interest rate cuts, the more sensible market-makers have realised that an instant reduction in the cost of borrowing is unlikely to emerge from an almost unchanged economic strategy. Lamont's appointment as chancellor just accentuates another shade of grey in the Treasury.

In any case, if base rates are to come down a point or half-point the most likely date for such a decision is not this week, but on or after December 14, when the inflation figures for November will emerge. They should show that the October figure of 10.9 per cent was the peak, giving the Major/Lamont team a credible opportunity to ease the credit

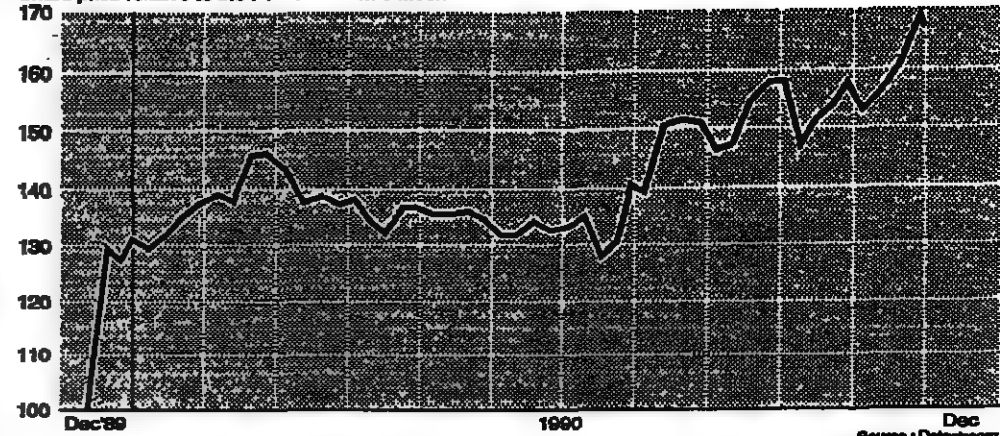
squeeze. That leaves the market pondering two conundrums: the longer term future of the British economy, and more immediately, the chance of war in the Gulf.

We now know that UK recession, when it is declared official, will be a Major recession. The main debate now seems to surround the depth and length of such a slump: on Monday, for example, the Society of Business Economists forecast that Britain would make a quick recovery from any recession, with output expanding rapidly in 1992.

If corporate grief is anything to go by that may be too late for some British companies. As the impact of recent economic policy deepens, Britain's largest banks are beginning to signal about the pressure on a widening range of clients. The effusions of most industrialists and business people

Water Package

Share price relative to the FT-A All-Share Index



after Major's election gave way on Thursday to warnings of worsening debt and trading conditions at Barclays, the UK's largest clearing bank, and poor figures from the Royal Bank of Scotland.

Barclays has already issued one profit warning this year, but the bad debt ratio is continuing to deteriorate. Royal Bank of Scotland is also having to bear the brunt of a surge in two instalments. Next week, the company is expected to announce a fall in annual pre-tax profits, but on Wednesday it revealed it had sold its stake in Costain, the mining and construction group, at an estimated loss of more than £18m.

On the same day, Maxwell Communication Corporation unveiled interim profits of £90m, boosted by foreign exchange profits, but the publisher announced its full-year accounts would include a £22m loss on the sale of its stake in De La Rue, the banknote printer, earlier last month.

On Thursday, MEPC, Britain's second largest property company, announced that its net asset value had fallen by more than 10 per cent in the year to September 30. Two days earlier, Rosehaugh, the property development group, which was once a stock market favourite, revealed that provisions against trading properties and discontinued projects had pushed the group £150m into the red in the year to June 30.

Godfrey Bradman, the group's philanthropic chairman, has had problems reassuring City followers about the

health of his company since he launched a deeply-discounted £125m rights issue in February. Rosehaugh's shares, which stood at 45p before the cash call, fell 9p to 37p during the week.

Trade investors are learning that shares can go down as well as up. Trafalgar House, the construction, property, shipping and hotels company, is delivering its bad news in two instalments. Next week, the company is expected to announce a fall in annual pre-tax profits, but on Wednesday it revealed it had sold its stake in Costain, the mining and construction group, at an estimated loss of more than £18m.

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da-registered group is still nursing a paper loss of nearly £40m on its 24 per cent stake in Christies International, the auction group.

Best news of the week came from the food and drink stocks. On Tuesday, when most observers had their eyes on other things, both Allied-Lyons and Argyl – which runs the Safeway, Presto and Lo-Cost supermarkets – announced strong rises in interim profits.

Even more impressive are the privatised water companies, now in the middle of their interim results season. Not only are water dividends moving well ahead of inflation – judging from the figures of Northumbrian, North West and South West this week – but their shares have been among the best-performing stocks in the market since flotation last December.

Finally, it may only just have seeped on to the front pages, but the news from the Middle East has been more worrying for the markets this week than at any time since the first month of the crisis.

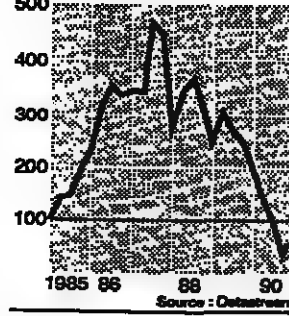
Thursday night's decision by the UN to ban the use of force against Iraq has put equity investors into a state of nervous readiness: it was not only the Gulf forces which were on the move, but also the Gulf forces which were on the move. Major, meanwhile, may have booked himself an uneasy honeymoon.

Andrew Hill

FINANCE & THE FAMILY: THIS WEEK

Rosehaugh

Share price relative to the FT-A All-Share Index



Rosehaugh's gloomy record

Rosehaugh, the property development group run by Godfrey Bradman, won a place in the record books this week by reporting pre-tax losses of £165.47m for the year to June 30. The result, which is believed to be the largest deficit recorded by a property company, resulted from substantial provisions against trading properties and discontinued projects. The severity of Rosehaugh's problems stemmed from its ambitious development programme and unwieldy management structure, which meant it was ill-prepared for the market downturn. Although analysts had been forewarned about the dismal results, they marked the shares down 7p to 101p on Tuesday. Vanessa Houlder

Allied-Lyons shares hit

Shares in Allied-Lyons dropped 3 per cent on Wednesday, the day when the drinks, food and retailing group announced a 10 per cent rise in interim pre-tax profits. The markets were disappointed by the mere 4 per cent rise in earnings per share, by the prospect of an increase in the tax charge and by a higher than forecast property contribution. Philip Coggan

Cheaper insurance offer

At a time when insurance companies are increasing their house buildings insurance rates by at least 10 per cent, Norwich Union is offering householders the opportunity of a 15 per cent reduction, that is a rate of £1.70 per £1,000 sum insured (the rebuilding cost of the house) against the new rate charged by other companies of £2.20 per £1,000 sum insured.

However, to qualify for this reduction, the householder must be aged 55 or over and must take out NU's new policy 55 Plus – a house contents insurance policy for the 55s and over following the latest style of basing cover on the number of bedrooms. The house buildings cover is an optional extra. Eric Short

New Fimbra head named

Godfrey Jillings is the new chief executive of Fimbra, the regulatory authority for financial advisers. And unlike his predecessor, he has had some practical experience in the financial services sector, albeit through various executive posts within the National Westminster Group. In his first interview with the press, he emphasised that he intends to be involved in policymaking as well as ensuring members get value for money. E S

THE ELECTRICITY PRIVATISATION

Many readers may have experienced the problem, when registering for the electricity privatisation, that they have received an application form for the wrong electricity company. If this happens to you, go to a Barclays, Nat West or Lloyds branch with your application form. Tell them that you have registered and been given the wrong form, and they will give you the correct one. You will still be able to claim your incentives.

However, families and other people who plan to simplify their shareholdings after flotation should be careful. The specific circumstances under which incentives can be retained on transfer (such as a transfer on death) are set out on page 53 of the mini-prospectus. But the arrangement where one individual simply transfers his shares to another, say a husband to his wife or a child to his parent, is excluded.

People who plan to do this may want, when choosing their customer incentives, to opt for bill vouchers rather than for loyalty shares. This is because they need hold the shares for their own benefit only till next August to get the first tranche of vouchers, but will have to wait three years for the loyalty shares. Philip Coggan

Investors who wish to sell their electricity shares are being offered a wide range of special deals from various brokers, banks and building societies. Further to the deals noted in last Saturday's FT, Barclays has pointed out that it will be charging a minimum commission of £12.50 once dealing starts on December 11. Commission is 1.5 per cent on the first £7,000 of shares and 1 per cent on the next £10,000. Sales will be at the best market price, and up to four members of the same family can sell their shares for one commission. The offer is open to all members of the public, through all the bank's branches.

Mildon & Co, financial advisers, will be offering their fee-paying clients a special deal through brokers Pilling & Co, if their clients apply for electricity shares through Pilling & Co they will receive a £3 voucher to be used towards the cost of selling the shares, so the total cost will be £7 rather than £10.

Torrie & Co, stockbrokers, will charge commission of £15 per individual holding in each issue, plus £5 per holding of the same issue for other members of the same family.

Stockbrokers Wise Speke are charging £15 minimum commission per electricity company to anyone who submits their application through them. Members of the same family can add their sell orders together for one commission.

THE COVER of Tate & Lyle's 1988 annual report broke new ground. There, along with the raw materials of the group's sugar refining business, in pride of place, were two cobs of corn.

The message was not that Mr Cube was trespassing the Green Giant's patch – although a large acquisition made during the year had reshaped the company's business. It was rather that he had found a new partner: Mr High Fructose Corn Syrup.

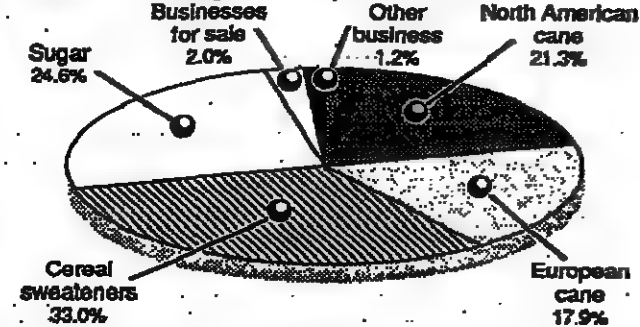
The \$1.48bn purchase of Illinois-based Staley Continental had radically reoriented Tate's business, in product terms, towards starches and corn-based sweeteners and, in geographical terms, towards the United States.

In 1987, cereal sweeteners and starches contributed little more than 5 per cent of the group's £1.7bn turnover and a similar proportion of pre-tax profits. In the year to September 29, 1990, the corresponding turnover figure was 33 per cent, while the proportionate contribution to profit before interest had soared to 53 per cent.

Three years ago, US businesses generated exactly a

Tate and Lyle

Breakdown of sales for year to 29 September 1990



quarter of the company's profits. In each of the last two years, this proportion has been as high as 60 per cent.

This reorientation may not be permanent: Tate covets British Sugar, a business which would significantly reduce the importance of both cereal sweeteners and the US. It is on the lookout too for openings in

hitherto unexploited areas like eastern Europe.

"Globally we will see more investment by Tate & Lyle in countries where we are not participating," said Neil Shaw, chairman and chief executive, last week.

In terms of sweeteners, high fructose corn syrup, supplied to the food and soft drinks

COMPANY PROFILE

Sugar giant treads fresh ground

TATE & LYLE - PRE-TAX PROFITS AND EARNINGS PER SHARE					
	1986	1987	1988	1989	1990
Profits (£m)	81.5	92.0	120.1	200.4	218
Eps (p)	13.9	17.9	22.2	26.8	30.2

Figures for year to and September. Shareings per share shown are fully diluted

industries, is the backbone of Staley's business. In addition, the company produces crystalline fructose, for specialised baking and confectionery applications, and both crystalline and liquid dextrose products for the food processing, brewing and chemical sectors.

The company's starches are used principally by food manufacturers and as a bonding material by the paper industry. It is endeavouring to move its product mix upmarket, away from commodity starches to higher added-value items.

Besides Staley, Tate has a stake in the European starch and sweetener industry through its interest in CST, one of the continent's three

largest producers. CST is the world's largest maker of wheat starch.

In turnover terms, cane and beet sugar remains Tate's largest contributor, notwithstanding its recent decision to ditch its trusty old stencilled logo, as emblazoned on a billion sugar sacks.

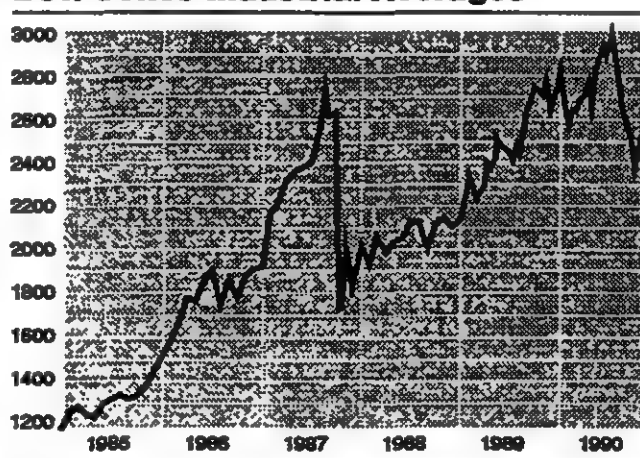
In the year just ended, sugar accounted for 39 per cent of sales, down from 51 per cent in 1987. At Silvertown in east London, the group operates the world's largest sugar refinery with a capacity of 1m tonnes. Its co-product, molasses, ranging from icing sugar to black treacle, are among the most instantly recognised on UK supermarket shelves.

Tate's refineries are spread

WALL STREET

Meaning of a downturn

Dow Jones Industrial Averages



sustained improvement in US consumer confidence at the very least until there is a resolution of the crisis, a fact underlined on Thursday when General Motors partly blamed the Middle East situation for weak North American demand for vehicles.

GM announced it was cutting back planned production in the fourth quarter and would report lower financial results than in the third, which a surprised Wall Street said meant that the company would be pushed into the red.

The news followed a surprisingly strong run of US car and truck sales statistics, which more optimistic analysts had argued might point to a relatively shallow sales trough. But reading between the lines of the GM announcement, it

looks as though sales have only been held up by a seasonal burst of fleet buying – which is extremely thin margin business – while the retail trade has turned down sharply.

But the Middle East is only one factor in the loss of profitability. Long before the Kuwait crisis erupted, all the American car companies were involved in a fierce discounting war to try to maintain market share against an onslaught from Japanese competitors.

The Japanese have been taking an ever increasing slice of the US market as output increases from their new North American plants – even as Detroit's big three are closing redundant facilities. And a fresh slunder will have gone

SMALLER COMPANIES

The other side of the penny

PROPERTY TRUST must be the quintessential penny share. This week, the USM-quoted company announced that it had achieved a 38 per cent take-up on its latest rights issue. Since the issue was only partly underwritten, the company raised just \$2m, rather than the \$15m for which it had hoped.

Perhaps Property Trust shareholders had simply lost patience with the group's penchant for rights issues. It had two issues in 1986 alone – a three-for-two in May and a one-for-one in November. There was another one-for-three issue in September 1987. So even after the comparative failure of this year's two-for-one rights, the group now has 1.5 billion shares in issue.

Property Trust is thus a neat example of the inanity of the argument that penny shares are a bad investment. The company's shares are trading at a mid-price of 1p. So, with 1.5bn shares in issue, the company has a market capitalisation of £15m.

Let us assume that the market decides to value the company so that it was worth £15m. It could not do so. A market capitalisation of £15m would imply a share price of 1.07p, which is not the sort of price which any market-maker will quote. For the share price to move at all it would have to rise to 1.4p – in other words by 26 per cent. That is a very big revaluation for the market to make.

Even if the mid-price did rise to 1.4p, it would be of little help to ordinary shareholders. The most common spread currently quoted by market makers on Property Trust shares is 4p-1.4p – that is, the market-maker will buy at 4p and sell at 1.4p. So any investor who currently bought shares would have to pay 1.4p.

To show a profit, the investor would thus have to wait until the share price moved sufficiently so that the market-maker's buy price was at least 1.4p. That would imply a spread of 1.4p-5p, or a 250 per cent rise in the share price. In other words, the share price will have to rise by 75 per cent – and the market value of the company jump from £15m to £27.5m – before the investor can see any profit at all.

While waiting for this miraculous day, the investor is unlikely to receive any income on his shares – there has not been a dividend paid as yet. Currently there is a deficit on the company's profit and loss section of the balance sheet which means that it is legally unable to pay a dividend.

There is, of course, a chance that Property Trust will recover – more than 29 per cent of the company is now owned by Shun Ho, a Hong Kong based property group which some hope may reverse into the USM company. But the chances of its recovery are

not made more likely by the fact that the stock is a penny share.

A share is just that – a share in the profits or assets of a company. So its value is determined not just by the size of the overall cake but by the size of the slice to which each shareholder is entitled.

If a pub was advertising beer at 10p, it might seem a bargain – but not if the amount of beer you received was only a teaspoonful. Similarly, beer at 55 might sound expensive, but not if you got a gallon at that price. Similarly, if there were only five shares in ICL, each worth £100, it would be a bargain even if it cost £100m to buy. But shares in Lowndes Queensway were not cheap at 1.4p, since the company went bust shortly afterwards.

The argument for investing

'If a pub sold beer at 10p, it might seem a bargain – but not if the amount of beer you received was only a teaspoonful'

In smaller companies is quite separate from that of the penny share. Size of company and level of share price are not automatically related – there is even a FT-SE 100 stock, Sears, priced at under 100p.

Smaller companies may yet shake off their underperformance of this last two years and return to their long term growth habits. But there is no intrinsic reason why Domestic and General (share price 36p, market capitalisation £24.7m) is likely to perform any better or worse than Global Group (share price 17p, market capitalisation £20.4m). Their prospects cannot be gleaned from their share prices.

If there is any merit in investing in penny shares, it is that a company which has experienced management or trading problems is more likely, on average, to be a penny share. There is thus the possibility that the company might recover and thus the shares have a greater than average upside potential.

But the corollary of this, especially in the current climate of high interest rates and negative economic growth, is that such companies are more likely to go bust. Thus one would need a very large portfolio of penny shares to have a chance of a decent profit. Even then, it is the recovery aspects of such companies – and not the absolute level of their share prices – that is the most important guide to their profit potential.

Philip Coggan

Martin Dickson

among five countries: the UK, Portugal, the US, Canada and Zimbabwe. Most treat cane sugar: the only best operation is US-based Western Sugar with seven factories in the north Midwest.

Also in the US, Tate owns Amstar Sugar, the leading domestic cane sugar refiner, purchased for \$306m (£156m) in September 1988. In Canada, it has Redpath Sugars which it says "consistently returns the highest margin of any of our sugar businesses."

Its European sugar businesses are UK-based Tate & Lyle Sugars and the Alcantara group in Portugal, which boasts a 57 per cent share of its domestic market. In Zimbabwe, it owns refineries in Harare and Bulawayo.

Tate's third major prong is its sugar by-products and trading unit, which accounted for nearly 26 per cent of turnover in the year just ended. United Molasses sources and trades molasses around the world, while Pacific Molasses is concentrating increasingly on specialised animal feed products.

David Owen

Jovico Lico

FAMILY & FINANCE - INVESTMENT TRUSTS SPECIAL

Cash in on the great unknown

INVESTMENT trusts are still one of the great unknown areas for private investors. But if you have less than £20,000 to invest, and you want to buy shares, then trusts are probably your best vehicle.

An investment trust is simply a company that buys shares in other companies. Buying shares in a trust gives the investor instant diversification and thus protection against the risk that an individual company might go bust.

The number of shares in an investment trust is normally fixed, although trusts can have flexible issues to raise capital. This means that you can only trade your shares by finding another investor who wants to buy or sell, unlike a unit trust where you deal directly with the company.

As with other shares, you have to pay commission and stamp duty and there will be a difference between the price at which you can buy and at which you can sell. But, having paid those extras, the running costs are very low, with management charges often less than 0.5 per cent of the value of the fund.

And the returns could be tremendous: £1,000 invested in the average UK general investment trust grew to £27,430 in the 26 years to July 1, 1990; the same money in a building society higher rate account grew to just £7,120. Over ten years, £1,000 becomes £5,741 with an investment trust and £2,389 with the building society.

TWO THINGS stand out about investment trust performance over the last ten years. First, the biggest increase in share price was shown by a relatively small investment trust which only invests in the shares of other investment trusts. Second, capital investment trusts have done particularly well.

Capital Gearing Investment Trust, which came top in terms of share price increase, has a market capitalisation of about £8m. Peter Spiller, who manages the investments, says that the trust mainly invests in other investment trusts and capital shares. At present it has 30 per cent of the money in capital shares, 32 per cent in ordinary shares, and 30 per cent in stepped and zero preference shares.

Early in its existence, the trust had "quite a lot of gearing", but has become less highly geared in recent years, says Spiller.

However, while analysts do not dispute the fact that the trust is well managed, its position at the top of the league is not only attributable to the underlying investments. Being a small fund with its shares in popular demand means that the premium has risen to

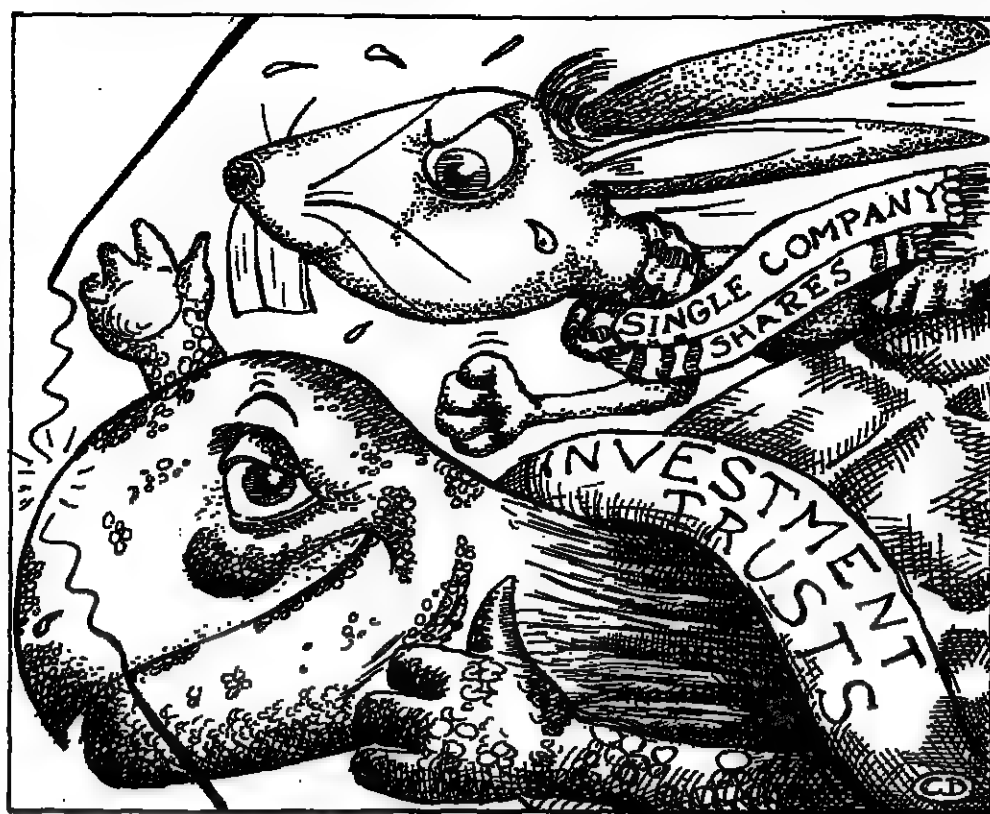
The value of investment trust shares is based on the value of the shares it owns in its portfolio. However, the two values are rarely equal. Normally, the market capitalisation of the trust is lower than the value of the shares it owns. In the jargon, the trust's shares stand at a discount.

This discount is a simple function of supply and demand. By historical accident, most investment trust shares are owned by institutions - pension funds, insurance companies and the like. These already manage large portfolios of stocks, and see no reason to buy investment trust managers for duplicating their job. Thus they tend to be sellers of investment trust shares.

Private investors, for whom investment trusts are more appropriate, have simply not bought shares in sufficient numbers to make up for the lack of institutional demand. For one thing, investment trusts have been handicapped in advertising themselves and have lost out in the marketing battle to unit trusts. And it takes an awful lot of private investor purchases to make up for just one pension fund sale.

Supply in the sector thus normally exceeds demand, forcing the price of investment trusts down. But trusts are not doomed to trade at a discount to their asset value.

If the discount becomes too large, predators may decide to bid for the company, hoping to pick up a large portfolio of



shares on the cheap. The arrival of a predator - or even the mere threat of one - will push the shares close to net asset value. After the takeover of Globe, the largest trust, earlier this year, discounts narrowed across the sector.

The other time when discounts may disappear is when trusts specialise in a particular area, such as an emerging stock market. Then the trust may be the only way for an institution to get exposure to that country. Demand will exceed supply and the shares may trade at a premium to

their asset value.

So, if you want to buy investment trust shares you should allow for the discount. If the discount is narrow (less than, say, 10 per cent) then you face the double risk that the discount will widen and that share prices will in general fall, pulling down the value of the trust's portfolio.

However, if the discount is wide (say, more than 25 per cent), then there is the possibility of a double gain from an increase in general share prices and from a narrowing of the discount.

Another factor which will affect investment trust performance is the ability of the trusts to borrow money. If a trust borrows money to buy shares and the market rises, its share performance should be enhanced; but if it borrows money to buy shares and the market falls, its performance will be adversely affected.

This adds an extra element of risk to buying investment trusts. It is still a lot less risky than investing in just two or three individual shares.

Philip Coggan

with the launch of Aberdeen Smaller Companies Trust, Asset for Asset.

It is raising £14.5m via a placing of 15m shares at 100p each. Warrants are attached, on a one-for-five basis, entitling each holder to buy one further share at 100p between 1992 and 2002.

Asset will have a portfolio of between 80 and 150 smaller companies. It is managed by five former fund managers from Ivory & Sme, who broke away to form their own group called Aberdeen.

Smaller companies proved a popular field for unit and investment trusts in the mid-1980s when they were outperforming larger companies. But they have been hit hard in the last two years by high interest rates and the economic slowdown. The trust managers believe that small company shares have been marked down so much that they now offer good value.

Sara Webb

Savings schemes: a regular winner

Sara Webb on the advantages of monthly plans

EVERYBODY SWEARS by them in the investment trust industry. What are they? Regular savings plans, of course.

If you want to buy shares in an investment trust, bear in mind that there are several advantages in using a regular savings plan.

The first is that you can reduce your potential to make a large loss. For example, say you have £2,000 and you decide to invest in a trust in order to gain exposure to a wide range of underlying shares. If you had invested your money in an investment trust in July, you would have seen it suddenly drop in value the following month when world stock markets plummeted in the wake of Iraq's invasion of Kuwait.

However, if you have a regular savings plan, you can "drip feed" your money into the stock market month by month. Say you decide to invest £50 a month when the stock market goes up and the price of the investment trust shares increases, you buy fewer shares for your money; when the market falls, you can buy more investment trust shares because they become cheaper, thus building up your total shareholding.

The second point in favour of savings plans is that they allow you to invest quite small amounts of money each month, so even if your mortgage payments are hurting you, you may be able to put a bit of money aside for long-term investment.

Most of the investment trust groups which run regular savings plans will accept monthly payments of as little as £20 to £30 per month. For example, Gartmore, Glasgow, Ivory & Sme, and Martin Currie all stipulate a minimum monthly investment of £20. Alliance, Baring, Fleming, Foreign & Colonial, G.F. John, Guinness Mahon, Kleinwort Benson, M&M, Scottish, Stewart & Co, Throgmorton, and Truist have minimum investments of £25.

Buying shares in an investment trust is considerably cheaper via a savings plan than buying through a stockbroker. If you buy a small holding of investment trust shares through a broker you are likely to pay at least £20 in commission. However, if you invest through a savings plan, you may - with certain managers - have no charges to pay on buying.

For example, with Dunedin and Ivory & Sme, there are no commissions or other charges when you buy through the savings plan. With other groups you may pay a commission of between 0.2 and 0.5 per cent; this represents the cost of buying or selling the underlying shares in the investment trust and is passed on by the manager to the investor.

One satisfied investor points out that he would have to pay £25 if he bought his Foreign & Colonial investment trust shares via his stockbroker, but currently pays charges of just 18p a month on his £40 monthly savings scheme payments.

Remember too that you will have to pay stamp duty on investment trust purchases, though there is one exception to this, which is described later. Some groups offer other

As a result, a couple of investment trust groups have started to issue new shares directly into the savings plans, bypassing the open market. In order to meet demand, they are allowed to issue up to 5 per cent of the share capital in this way each year.

The first to follow this route was Robert Fleming's High Income Investment Trust. The trust was formed in April 1989 and more than 90 per cent of it is held by private investors, many of them retired people who want income. Since the launch the share price has been at a premium to the net asset value and has fluctuated between 5 per cent and 14 per cent. "There was clearly an imbalance of supply and demand," says Nicholas Prowse, director of Fleming Investment Trust Management.

Furthermore, Robert Fleming's 12 investment trusts between them have about £1.5m to £2m in savings plans, with a large proportion of this committed to the High Income trust. Therefore, it was agreed to issue up to 5 per cent per annum in new shares for the savings schemes, "so when people ask for high income shares in their savings plans we buy them from the company rather than in the open market," says Prowse.

The advantage of this method is that the investor does not have to pay stamp duty on the transaction because these are new shares issued by the company. They also buy the shares at the mid-price rather than the offer price.

Now Foreign & Colonial Eurotrust, which invests exclusively in European markets, is considering following suit. "Eurotrust finding it increasingly difficult to buy its shares in the market, so we are trying to think of ways around the problem," says Jeremy Tighe, director.

Eurotrust was launched in 1978 and in the last couple of years its share price has been at a premium of around 10 per cent. Although this was not a problem at first because the amounts held in savings plans were quite small, Tighe points out that as European trusts started to attract a lot of attention there was considerable investor interest in the trust, forcing the managers to consider a way of reducing the premium. It is a problem which could haunt other trusts in future.

Capital performers

Top ten performers

Trust	% rise
Capital Gearing	1015
M&G 2nd Dual Cap	698
At Japan Inv	650
Ambrose Inv Cap	644
S&P Linked Cap	630
Rights & Inv Cap	622
M&G Dual Cap	607
Fleming Jap	489
Lowland Inv	493
P&G Euro	482

Figures for 10 years to 31 December 1989

extraordinarily high levels. The premium is currently around 14 per cent, but it has averaged 71 per cent over the last 12 months and has been as high as 132 per cent. As John Skynan, chief of Warburg Securities points out: "Capital Gearing is very liquid. The maximum size of deal you can do is £1,000, and this pushes the share price up. The performance is very good, but not good enough to justify a premium of 71 per cent. There is a spread of 7 per cent on the share price which is fairly wide. The shares are difficult

to get hold of and once people see a good track record they rush out and instruct their brokers to buy stock, which helps push up the price further."

Apart from Capital Gearing's tendency to a high premium, there are many advantages to be gained as a small investor in buying investment trusts which invest in other investment trusts.

Graeme Caton of James Capel thinks not. He says that such a fund "is never going to achieve a dynamic performance because you are diluting the shares and you can end up paying double charges." However, he points out one particular advantage, which is that you are more likely to avoid the "company-specific risk" simply because at the most you may only have 1 per cent of your total investment in "losers" such as Polly Peck. In the present economic climate, he thinks that is an important point.

As for the other strong performers of the last ten years, the capital shares of split capital trusts such as M&G Dual Trust, M&G Second Dual

Trust, and Save & Prosper Linked Investment Trust have tended to perform well because they are geared.

Caton points out that with the capital shares of a split capital trust, you increase your capital gearing. In a rising market these shares tend to outperform ordinary investment trust shares; however they are potentially very risky investments and in a bear market they do much worse than ordinary trusts. Skynan adds that with capital shares, "the broad rule of thumb is that they appreciate the market rise by about 2.5 times, so if the market rises by 5 per cent, you will see a rise in the assets of around 12.5 per cent."

But he warns investors to be careful in their selection of investment trusts just now. "If you think the market is cheap and is about to take off, buy capital shares, but if you are cautious because of the Gulf crisis, go for a large trust with a good spread of UK and international investments."

A NEW investment trust joined the ranks this week

GLOSSARY

INVESTMENT TRUSTS are also known as closed end funds and the price of their shares are influenced by supply and demand, just like the shares of other companies.

The Net Asset Value (NAV) is the total value of the investment trust's underlying investments and cash, minus its liabilities, including loans and preference shares. You should look at the difference between the NAV (expressed per share) and the investment trust's share price: if the share price is above the NAV it means the shares are trading at a premium; if below the NAV, they are trading at a discount.

When investment trusts borrow money in order to buy shares the effect on the assets is known as gearing: if the assets acquired with the borrowed money appreciate in value, the shareholder's gain is increased, but if the assets fall in value, the shareholder's loss is proportionately greater.

There are different kinds of investment trusts. Trusts with ordinary shares offer investors income (in the form of dividends) and capital growth.

Split capital investment trusts offer a range of classes of share. The original split capital trusts, which date from the 1960s, offer a choice of income shares and capital shares. If you hold the income shares, you receive all or most of the income earned by the trust, as well as a predetermined capital return when the trust is wound up. With the capital shares, you receive little or no income, but when the trust is wound up you receive what remains of the assets once the income shares have been paid out.

In addition, there may be zero dividend preference shares, which offer a fixed capital return when the trust is wound up, but have no entitlement to income, and stepped preference shares, which offer dividends that increase at a set rate plus a fixed return when the trust is wound up. Warrants give you the right to buy further shares and are often given free at the time of a new issue; they then assume value and can be traded separately.

The second part of this series on investment trusts will appear next week.

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FINANCE & THE FAMILY

Caroline Garnham suggests tax-effective ways of passing large sums of money and other bequests to children and grandchildren

Christmas giving for the generous at heart

CHRISTMAS IS coming and you may be thinking about giving money – possibly a lot of money – to your children or grandchildren. How can you benefit the taxman benefiting more from your generosity than he needs to?

Takes Mr Jones, who wants to give his family as much as he can this year, before a Labour government possibly makes it more difficult. He adds his business in 1988 and has recently moved from an old rambling house to something more manageable. He and Mrs Jones want to give generously to their children but do not want their hard-earned money squandered or their gift unappreciated. They have three children, all with very different circumstances.

David, the eldest, is a lawyer. He is married with three children and is financially secure. Martin is a photographer. He is married with two children, and is in financial difficulties. Catherine, the youngest, is a director of a small public company and is unmarried with no children. She is financially secure but emotionally volatile – no-one would be surprised if she gave up work to travel around the world.

Mr and Mrs Jones would like to give £200,000 and paintings worth a total of £100,000 to each child. But first they discuss the various alternatives with their tax lawyer and then with David, Martin and Catherine.

David feels he has no pressing need of extra finance and he has already made provision for his children's education. He is, therefore, very attracted to an Offshore Lockup Fund. This is an Accumulation and Maintenance Trust with trustees resident in a tax haven, the Channel Islands, Isle of Man or Bermuda. The advantages of an Offshore Lockup Fund are:

- Investment freedom: the trustees are not restricted in their investments and can invest in anything from paintings to property, equities to bonds. For insurance tax purposes income-yielding investments should be non-UK based.

- Income tax deferral: income can be accumulated and reinvested tax free provided the income is paid from non-UK sources. It only becomes taxable if it is paid to any of David's children while resident in the UK, but they would be first entitled to a nil rate band of £3,005 and a 25 per cent lower rate band for a

further £20,700.

- Capital gains tax deferral: any gains made by the trustees on a sale (or gift) will not be chargeable to UK capital gains tax because the trustees are outside the UK tax net. They will only become liable to tax when capital payments are made to either of David's children while resident in the UK (income is always treated as being paid out first).

- Inheritance tax exemption: gifts into the trust will be free of inheritance tax provided Mr Jones survives for seven years.

Control: David's children will not be able to demand the

settlement all the income paid out to the two children will be taxed at their income tax rates, in other words with two personal allowances of £3,005 and two lower rate tax bands of £20,700 each.

Such a trust also has no capital gains tax deferral. There are, however, two choices of capital gains tax rates depending on the type of trust chosen.

For example, if Mr and Mrs Jones set up an Accumulation and Maintenance Trust, the rate of tax on gains made by the trustees would be 35 per cent. The normal advantages of an Accumulation and Maintenance Trust are:



capital of the trust at any time.

Martin, David's less financially secure brother, is also very attracted by the Offshore Lockup Fund, but, as his wife June points out, his financial position is very different from David's. Martin and June need regular income to meet their first priority, their children's needs.

They therefore decide that the best gift for them would be a UK Grandchildren's Trust or "Fixed Share Trust". An Offshore Lockup Fund is not as appropriate because they need to draw out as much income as possible, rather than accumulate it. As a result, the cost of running a trust offshore (about £1,000, in addition to investment management costs) would prove prohibitive.

A UK-based trust has the advantages of providing investment freedom, inheritance tax exemption (provided Mr Jones survives seven years), and control. In addition, Martin and June could be trustees of the trust, thereby saving on charges.

On the other hand there is no income tax deferral – but at least with a grandparent's

the income in the Trust can be accumulated. However, Martin and June cannot see themselves wanting to accumulate income; and

■ Flexibility to pay the children different amounts at different times. Again, Martin and June feel this would be of minimum advantage.

The alternative type of trust is a non-discretionary trust, known as an "Interest in Possession Trust" or "Fixed Share Trust". Although less flexible, this trust taxes the trustees on capital gains at only 25 per cent rather than 35 per cent.

Mr and Mrs Jones found discussing the matter of a substantial gift with Catherine far more difficult than with their other children. Without a husband and family, Catherine's objectives tend to be more short term. However, the Jones want to be fair to all three children, which means giving her the same amount at the same time as her brothers, albeit with the same restrictions.

In Catherine's case, they would rather she did not spend the money on her travels, but saved it for her children (if she decides to have any in future).

They also want to preserve the tax advantages of a Grandchildren's Settlement.

They decide to set up an Interest in Possession Settlement for Catherine, with an overriding power of appointment given to the trustees to enable them to switch the fund into a trust for her children at some time in the future. Furthermore, with Catherine having little present need for income, the trustees invest for capital growth.

The advantages for Catherine are that this provides her with investment freedom, capital gains tax deferral, inheritance tax exemption (provided Mr Jones survives seven years), and control.

What about the non-monetary gifts? Giving each child £100,000 worth of pictures could land Mr and Mrs Jones with a capital gains tax bill. Most of the trustees, especially the Impressionists, have soared in value since 1982. Tax would have to be paid at 40 per cent, except on one picture worth £20,000 owned by Mrs Jones which she had bought for about £50,000. Since she has no income she will be taxable on the first £20,700 of chargeable gain at 25 per cent and at 40 per cent only above that.

There is also the problem of insurance. Neither Martin nor Catherine are able properly to protect their paintings in their houses and without proper protection the insurance would be prohibitive.

Finally, it is decided that all the paintings would be given to the trustees of their respective trusts. David will keep his own paintings at home, which his trustees are happy to allow, provided he keeps the paintings insured personally. Catherine also wants her trust to keep her paintings at David's house on the same basis, with David paying the insurance.

Martin and June, however, cannot see themselves ever wanting paintings (since Martin prefers his own photographs) and June has a dread of being burgled, so they are happy for their trustees to sell their paintings to David's trust for £100,000.

Once all the family discussions are over, the transfers have been made, and the trusts set up, the family can settle down for many happy – and hopefully financially secure – Christmases to come...

Better rights for borrowers

THE COMING months should bring considerable progress in the direction of clarifying borrowers' rights – an area that has been swirling with controversy during the current period of high interest rates.

The first step will come next Thursday when the clearing banks unveil the draft of their long-awaited voluntary Code of Banking Practice.

This has been in the works for over a year, specifically since the Jack Report on banking services called for improved measures to protect consumers of banking services. This call was subsequently reinforced by John Major while he was still Chancellor. He threatened the banks with leg-

islation if they failed to clean up their act themselves. Among the abuses he listed were high-pressure marketing of loans, unsolicited offers of credit, direct mailing, and lending to minors.

A committee under Sir George Blunden, the former deputy Governor of the Bank of England, has now completed the Code. It is expected to lay down clear procedures for the

marketing of loans, and for defining borrowers' rights, as well as customers' rights in other areas.

Later next year, Sir Gordon Borrie, the director general of Fair Trading, will complete a review of lenders who impose "extortionate terms" on their borrowers. It will be the first review of its kind for more than 20 years, and the first since the Consumer Credit Act

came into force in 1974.

Sir Gordon will be looking to see whether the Act provides adequate remedies for people who think they are being ripped off by their creditors. But the inquiry will not cover "loan sharks" in the strict sense because they are unlicensed lenders who are operating illegally anyway. The OFT is limited to the licensed lenders and brokers of consumer credit, and it will be looking at that very few people who think

they are being extorted take advantage of what legal remedies are available. It is not clear whether this is because people do not know about them or because the courts' powers are inadequate.

Any personal borrower can go to the Crown Court and ask for a ruling that their credit agreement is extortionate, and seek relief from high interest rates. Quite what amounts to extortion is not clear. But the Act outlaws loan repayments which are "grossly exorbitant" or "otherwise contravene the ordinary principles of fair dealing."

The banks have always denied that they charge extortionate rates; they usually point the finger at providers of store credit and "wrap-up" loans where real rates of interest can run to 40 per cent or more. Their Code of Practice will try to reinforce their claim to be fair dealers, but the OFT inquiry should establish how widespread malpractice is among consumer lenders, and how borrowers can better fight back.

David Lascelles

DIRECTORS' TRANSACTIONS

THE WEIGHT of buying by directors over the last few months has indicated what they tell about the stock market. Despite the recent post-Thatcher rise, director buys have continued to outweigh sales by a significant margin.

The chairman, chief executive and finance director bought a total of 88,000 shares in Davy Corporation, the engineering company, following its results last week. The shares have fallen from a high of 260p in the spring to 61p, bouncing to 85p following the directors' purchases.

Another company to have performed badly is Betacom, which principally markets telephones and auxiliary products in the UK. The company was floated off from Cannon Street in 1988 with the directors holding a negligible number of shares as a result. All the executive directors have now bought stock with Dennis Baylis, who sold out to Cannon Street, buying the bulk. Alan Sugar, of Amstrad, has also announced a holding of 8 per cent.

The company in which directors' sales really stand out is Tibbet and Britten, a distribution company specialising in the clothing and retail industries.

The directors have sold considerable quantities of stock at around the current share price level both last week and earlier this year. However, the directors still have more than 8m shares in the company.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Boots	800,000	2,004	7*
Boston	18,125	25	1
F & C Eurotrust	4,000	14	1
Gent (S S)	20,000	18	1
Goodhead Group	1,333,333	1,000	1
Jayco Group	10,000	21	1
Majestic Investments	71,687	167	1
Marks & Spencer	135,446	312	2*
Microgen	210,084	250	1
Portsmouth Poles	84,000	153	1
Radcliff & Colman	10,000	128	1
Smith (W H) A	4,000	16	1
Tibbet & Britten	480,000	1,385	6*
Unilever	17,000	107	1*
Warburg (S G)	25,000	78	1
PURCHASES			
Automated Security	258,800	462	2
Betacom	745,000	104	5
British Dredging	10,000	11	1
Burton Group	65,000	57	2
Cannon Street Inv	12,000	10	1
Davy Corporation	88,000	96	3
Indiant Newspapers	100,000	225	1
Jarvis	30,000	16	1
Kewill Systems	32,500	54	2
Lep	10,000	14	1
Majestic Investments	71,687	167	1
Microgen	210,084	250	1
Mid-States	75,000	42	1
Peppercorn	100,000	28	1
Rutland Trust	1,950,000	156	1
Seymourfield-Rose	80,000	122	4
Unichem	70,000	81	2
Wellcome	5,000	20	1
Whitgate Leisure	875,000	78	3
Wilshaw	250,000	17	1
Wood (S W)	317,500	79	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 19-23 November 1989/1990.

Source: Directors Ltd, Edinburgh.

Disputes are soaring, the Banking Ombudsman tells Sara Webb

WARRANT DIVIDENDS					
Azal	Monday	1.28	3.12		
Alfson Group	Monday	5.00	9.9		
Aller	Wednesday	1.00	2.25		
Affiliated Coloidal Group	Tuesday	0.75	2.49		
Anglen Water	Tuesday	-	-	10.21	
Angle United	Tuesday	0.2	1.2		
Angeles	Tuesday	0.6	84		
Adkins Brothers (Hosiery)	Tuesday	0.2	1.4		
Avesco	Wednesday	0.0	1.0		
Baltica Holdings	Thursday	-	-	6.0	
Boscombe Property Company	Friday	-	-	-	
Brown & Tawes	Thursday	2.85	6.96		
BTP	Thursday	2.76	6.7		
Cady	Wednesday	0.5	0.5		
Cape	Wednesday	0.5	0.5		
Canikat	Wednesday	2.0	7.0		
Chambers & Hill	Wednesday	1.75	7.0		
Channel Express Group	Thursday	1.0	1.8		
Chloride Group	Friday	0.56	-		
Clarke Copper	Friday	1	67		
Compco Holdings	Tuesday	-	-	12.98	
Coura (Furnishers)	Tuesday	1.83	3.17		
Frankwick Mill Group	Tuesday	1.85	3.7		
Darmon Investment Trust	Thursday	-	-	-	2.26
Douglas (Robert M) Holdings	Wednesday	3.0	7.5		
Drummond Group	Monday	1.4	1.36		
Edgc	Monday	3.0	3.0		
Elsig Group	Monday	0.5	1.5		
Fane of Leeds	Tuesday	0.55	4.55		
Fleming Int'l High Income	Wednesday	0.65	0.65		
General Electric Company	Tuesday	2.65	6.7		
Gibson Lyons Group	Thursday	1.9	4.0		
Greens King	Tuesday	2.9	2.9		
Greycoat	Thursday	2.3	2.9		
H Shaps	Wednesday	1.5	1.44		
J.J. Group	Thursday	3.0	6.0		
Jones, Stroud (Holdings)	Friday	3.0	6.0		
Kasham (Names)	Friday	1.0	1.0		
Lanika	Friday	0.26	0.68		
Macdonald Martin Distilleries	Thursday*	6.0	24.0		
Mannix Brewery	Thursday	3.4	7.4		
Marine Developments	Monday	5.0	7.0		
Morris Ashby	Tuesday	1.7	2.4		
Norona	Wednesday	5.0	11.0		
Northern Investors	Wednesday	-	-	-	
Oceana Consolidated Co.	Monday	-	-	0.75	
Oreana Timber Group	Tuesday	1.1	1.25		
Pilkington	Thursday	2.93	7.97		
Reed Executive	Tuesday	0.6	0.6		
Rice International	Monday	0.5	0.5		
Rowlinson Securities	Wednesday	0.24	1.11		
Savision (Christian)	Wednesday	3.8	3.4		
Scans Group	Thursday	1.4	1.4		
Security Archives (Holdings) ..	Thursday	2.6	4.0		
Slab	Tuesday	5.0	10.0		
Smith New Court	Monday	3.0	3.0		
Smith & Nephew	Thursday**	1.736	2.915	1.735	
Syfyne	Monday	2.0	6.0		
Tate Laro (Holdings)	Monday	3.7	3.7		
Tex Holdings	Monday	8.9	7.5		
Thornomson Dual Trust	Thursday	2.73	6.0		
Tipknot	Thursday	1.5	2.5		
UMECO	Friday	1.575	2.24		
Valliant	Thursday	0.75	1.35		

* Dividends are shown net payable
 ** Dividend payment is made quarterly on the 1st Monday of each month.
 * 1st Month = 1st dividend; 2nd Month = 2nd dividend; 3rd Month = 3rd dividend; 4th Month = 4th dividend; 5th Month = 5th dividend; 6th Month = 6th dividend; 7th Month = 7th dividend; 8th Month = 8th dividend; 9th Month = 9th dividend; 10th Month = 10th dividend; 11th Month = 11th dividend; 12th Month = 12th dividend.

JP 11/10/90

BRIEFCASE/COMPUTING

Guess who pays for income tax delays

IS the Inland Revenue entitled to levy interest on past tax outstanding when responsibility for the delay in its collection can be laid at its door?

As assessment for 1984-85 was raised on me in September 1987 by one inspector under schedule D, it was agreed that this was incorrect. Nothing happened for another year when the inspector handling schedule D sent an amended assessment showing an overpayment, to be set off against schedule D.

The schedule D inspector took no action until September 1990 (and I had certainly forgotten the whole thing) when he again demanded the original 1987 assessment without any adjustment. I promptly examined the figures, visited his office, and within a few weeks he had amended his figures to within a few pounds of my figure. I paid but a few days later received a separate bill for interest from October 1987.

There is no doubt in my mind that the schedule D file was dead from 1987 to 1990, not even revived by the schedule E Inspector's action in 1988, and that the file was eventually revived in 1990 due to a query on another matter which I had to raise.

Unfortunately, you have not given us many facts to go on. When you gave notice of appeal against the 1984-85 schedule D assessment in September 1987, you presumably also applied for consent to postponement of payment of part or all of the tax demanded, pending determination of the correct figures.

As you did not say how much you applied to postpone, we take it that you mean that you applied for consent to postpone payment of the whole of the tax demanded. Since such a postponement application must be supported by a statement of the grounds on which postponement is sought, we take it that you were of the opinion at that time that you had in fact no net schedule D tax liability for 1984-85 and that that is what you stated in your application.

The notes which accompanied the assessment notice warned you that interest would run from 30 days after the date of the assessment notice, but presumably that did not trouble you at the time - because you felt confident that the inspector would eventually agree that there was no schedule D tax to be paid for 1984-85.

Since this proved to be wrong, you are indeed liable to pay interest from 30 days after the issue of the notice of assessment (in accordance with section 86(3A)(b) of the Taxes Management Act 1970, as retrospectively amended by section 156 of the Finance Act 1988).

You have placed the responsibility for making anticipatory tax payments upon the taxpayer, so anyone who waits for the Inland Revenue to make the running is likely to end up with an interest charge.

Of course, the rate of tax charged on late paid tax can work out lower than the effective rate charged on an overdraft - so delaying tactics can sometimes be worthwhile, as can a decision not to prod the IR into prompt action over an appeal-and-postponement application.

Divide and sell

I HAVE a house in the UK which I purchased in 1980. In 1988 I received planning permission to divide it into two parts. In 1989, I received further planning permission to divide one of these parts into two, although I have not yet acted on this. I thus have (potentially) three houses which I intend to sell. I moved overseas in 1990.

Can I index the building costs I incurred in 1983 in doing up one of the houses for CGT relief? If I sell the houses one at a time can I elect to nominate the one I am selling as my main residence, and thereby avoid CGT? And if so, is there any time requirement between selling the houses?

If the sale contract is made in a tax year in which you are neither resident nor ordinarily resident in the UK, there will be no CGT liability. Even if the sale contract is made before the end of the current tax year, you may escape CGT by virtue of extrastatutory concession D2, which says (inter alia): "when a person leaves the UK and is treated on his departure as not resident and not ordinarily resident in the UK, he is not charged to capital gains tax on gains accruing to him from disposals made after the date of his departure".

Ask your UK tax inspector for the following free pam-

phlets: IRI - Extrastatutory concessions 1926 - Residents and non-residents: liability to tax in the UK; CGTA - Capital gains tax: owner-occupied houses; CGT14 - Capital gains tax: an introduction and CGT15 - Indexation allowance: disposals after 5 April 1988.

These should make the basic rules clearer. The solicitor who acts for you will, of course, be able to guide you on the tax aspects. In particular, the solicitor will be able to comment upon the possibility of an attack under case I of Schedule D or under section 776 of the Income and Corporation Taxes Act 1988 (Transactions in land: taxation of capital gains).

I notice that your letter was written from the Republic of Ireland. I assume that is where you are resident. In the double taxation convention between the UK and the Republic capital gains are dealt with in article 1A, paragraph 1 of which says "capital gains from the alienation of immovable property may be taxed in the Contracting State in which such property is situated" - so the existence of the convention makes no significant difference to your UK tax position, on the bare facts outlined.

Q&A BRIEFCASE

No legal responsibility can be accepted by Financial Times for answers given in these columns. All inquiries will be answered by post as soon as possible.

His word is his bond

UNTIL RECENTLY, we supplied goods to a customer on a regular basis, and all orders were given verbally, and on the understanding of the customer we would hold certain amount of stock, to draw off as and when required.

Since April we have tried repeatedly to persuade the customer to collect and pay for the goods ordered. We have now sent him an invoice, which he refuses to pay, on the grounds that it was a "Gentleman's Agreement" and that legally he was not liable. We find that hard to believe, is he right. His business is not a limited company.

It would appear that you have one or more oral contracts. There is no reason in law why you should not enforce such a contract. The only reason why oral contracts are seen as difficult to enforce is because of the inherent difficulty in establishing that they exist and what the precise terms are. If these are clear, issue a writ (or summons in the County Court) for payment.

Passport to investment

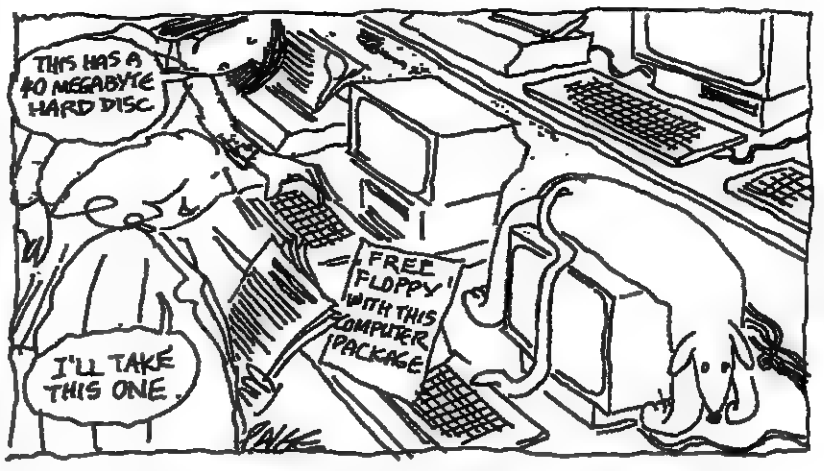
I AM receiving conflicting information from several building societies regarding the following: can a non-resident UK passport holder invest in accounts yielding gross interest? Could there be any tax liability if such investment were possible?

The answer to your first question is YES, provided that he or she is not ordinarily resident in the UK (by virtue of regulations 6(1A) and 6(2) of the Income Tax (Building Societies) Regulations 1986).

The answer to your second question is a qualified YES, subject to any double taxation agreement between the UK and the country in which the investor is resident, and subject to extrastatutory concession B13. The free booklet of extrastatutory concessions IRI (with supplement), is obtainable from tax inspectors offices or from the Inland Revenue Public Enquiry Room, Somerset House, Strand, London WC2R 3LS.

Barbara Conway continues her series on computers with a look at micros essentials

Plan to expand and say thanks for the memory



DECIDING to install a business computer system is one thing; but choosing the right micro is quite another.

Price alone is too rough a guide. A small business which intends to grow should have a system which can grow with it, and that means an initial investment of about £3,000. For that amount of money you should expect certain minimum requirements.

An adequate memory is essential. The minimum for continued use is 1 megabyte (mb). Computer memory is measured in megabytes and kilobytes (kb) with each kilobyte equivalent to just over 1,000 characters of memory - a character is an individual letter or figure - and there are 1,000 kilobytes to a megabyte. Ten years ago 32kb on a desktop micro was amazing now 1mb sounds over-generous.

The most useful business programs eat heavily into the memory and even a one-page business letter can easily absorb up to 2kb. The likelihood is that you will soon want to expand the memory. This is a simple operation.

As well as its internal memory, which is cleared every time you switch off, the machine will need more permanent means of storing the information it uses. All basic business micros come with at least one built-in "floppy" disk-drive, into which the user can insert computer disks to feed information into the micro and to save the results of work sessions. New software is usually on robust 3.5 inch disks, although the more venerable 5.25 inch versions are still available.

The other storage essential is a hard-disk drive, which fits inside the machine and keeps programs and files instantly available as you need them.

Floppy disks have a limited capacity, from 720kb up to just over 4mb on the newer machines, but a hard disk can store hundreds of megabytes and saves a great deal of time switching disks in the floppy drives. Since you will want to keep your most-frequently used programs on the hard-disk, the minimum practical size is 40mb.

In a later column I shall be dealing with how to make the most of hard disks, and how make sure that you have regularly updated copies of your own data files (addresses, accounts, correspondence) on floppies in case of electronic disaster. Computer equipment is fairly reliable, but Murphy's law still operates.

IBM also offers a complete cut-down 286 system, the PS/1, with 30mb hard disk, 24-pin printer and a large bundle of software for about £1,300. It looks an attractive package, but expansion is both limited and fiddly, and for a few hundred pounds more, you can get better longer-term value elsewhere.

A couple of micros which look good value for money, both are fast performers with straightforward expansion options and 40mb hard disks, are the Amstrad PC 386SX (£1,500) and the Dell 3301X (£1,600). The latter may be worth particular attention since, as part of its direct-sales policy, it also delivers an excellent support service including a 12-month on-site warranty. Amstrad will include the DOS operating system (the computer's basic management programme) with the package, while Dell will install it for an extra £50.

If want one of the two main systems not compatible with IBM which I mentioned two weeks ago, two machines to look at are the Commodore Amiga 3500 and the Apple Macintosh LC. Although the list price of a basic Amiga with 1mb of memory but no extras is around £1,300, it is possible to pick up the computer with a 40mb hard disk and colour monitor at discounted prices of around £1,500. At that kind of price you will probably have to pay extra for basic software but good-quality Amiga software tends to cost less than its PC equivalents and should still keep the total well within the budget limits.

True IBM compatibility can be added, in the form of an expansion card (an electronic circuit on a small board which plugs into the machine) for around £250, giving the equivalent of two business computers for just over the price of one. As Amigas get more of a grip on the business market, on-site warranties should also be easier to find.

The Mac LC occupies the middle range of the new breed of Apple computers which, for the first time, bring Macs, with an operating system acknowledged even by rivals as easy and fun to use, within small business budgets.

The LC comes with 5mb of internal memory and a 40mb hard disk and has a list price of around £1,400 with colour monitor. At the moment Mac software is on the pricey side - since the machines themselves used to cost over £3,000 cut-price programs were hardly relevant - but that should also change now that the hardware is affordable and is being aggressively marketed.

IT'S PASSED THE TOUGHEST TEST OF ALL.



"Open up the System Box, and you might be looking at an IBM."

When it comes to the Amstrad PC3386SX for once the experts all agree.

"Good looks, fast moves and ferociously competitive prices."

And no wonder. The high standard of specification speaks for itself.

"One of the fastest SX's we've ever looked at."

The Intel 386sx™ processor runs at 20Mhz making it one of the fastest SX's on the market. What's more there's a full 1 Mb of RAM expandable up to a massive 16Mb.

The PC3386SX has 5 expansion slots and room to add extra floppy disc drives, hard drives and tape streamers.

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They come with high density 3 1/2" 1.44 Mb floppy disc drive and 40Mb fast access hard drive.

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THE AMSTRAD PC3386SX



And all have a highly integrated design built within a robust metal cabinet.

"These prices will give headaches to most other PC makers from IBM downwards."

The Amstrad PC3386SX starts from as little as £1399 + VAT (the PC3286 with 16Mhz 80286 CPU starts from £749 + VAT).

We think you'll agree with 'What Micro?' Magazine:

"This is the one to buy!"

FOR FURTHER DETAILS RING 0277 262326 OR FILL IN THE COUPON BELOW

Please send me details about the Amstrad PC3386SX.

Name: _____

Address: _____

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Sent to: Amstrad plc, PO Box 40, Broomfield, Essex, Chelmsford, Essex, CM1 7LW. Tel: 0277 262326

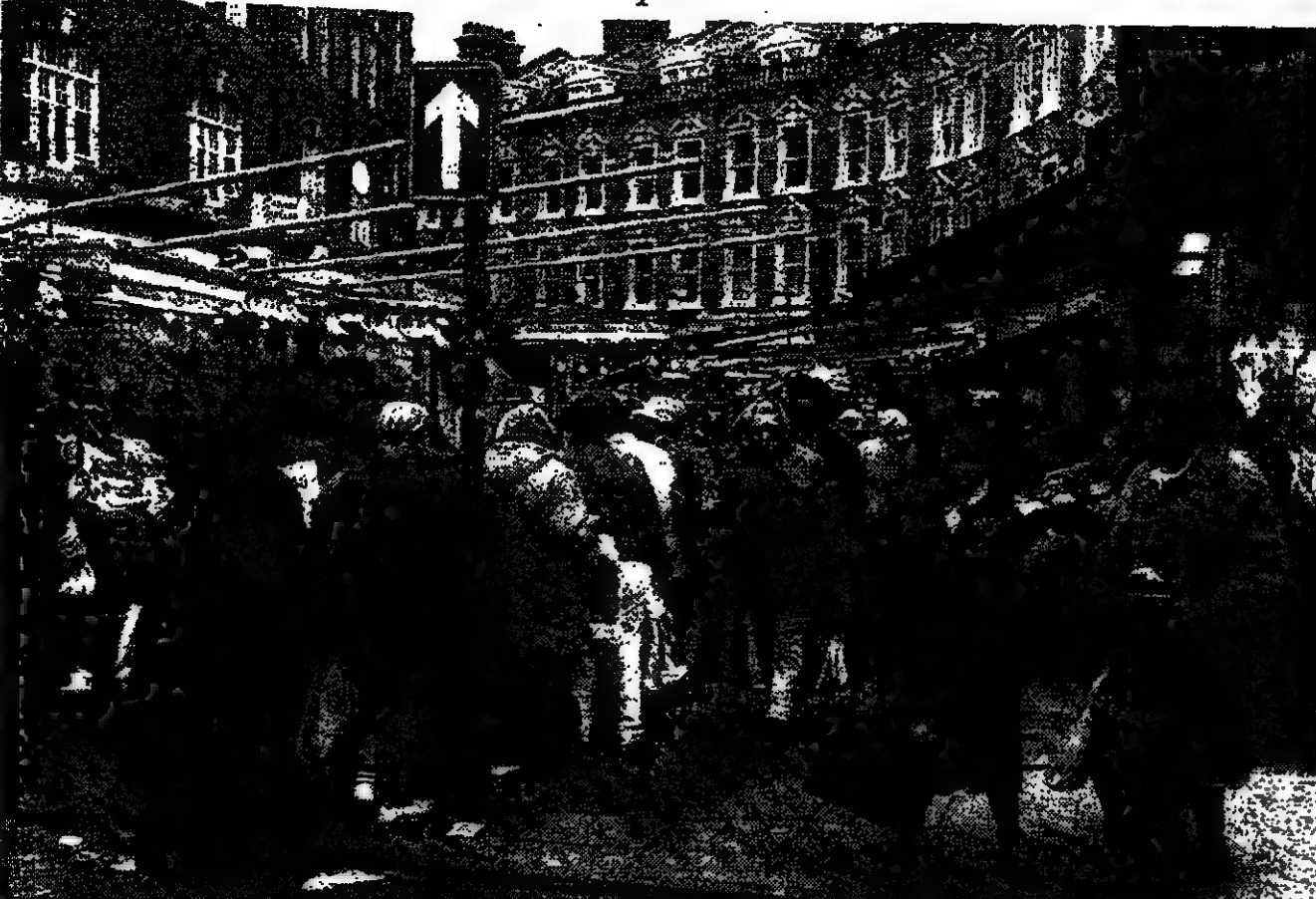
INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return at 25% 97%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (£p)
CLEARING BANK						
High interest cheque	4.00	4.10	3.30	monthly	1	under 5,000
High interest cheque	8.10	8.40	8.70	monthly	1	5,000-9,999
High interest cheque	8.30	8.50	8.80	monthly	1	10,000-24,999
High interest cheque	8.50	8.80	9.00	monthly	1	25,000-49,999
High interest cheque	9.10	9.50	9.80	monthly	1	50,000+
BUILDING SOCIETY						
Paid up share	8.00	8.00	4.67	half-yearly	1	1-250,000
Instant Xtra	8.00	8.00	7.16	yearly	1	500-1,999
Instant Xtra	9.20	9.20	7.36	yearly	1	2,000-4,999
Instant Xtra	9.45	9.45	7.56	yearly	1	5,000-9,999
Instant Xtra	9.70	9.70	7.76	yearly	1	10,000+
90-day	8.45	8.67	7.73	half-yearly	1	500-9,999
90-day	10.20	10.46	8.37	half-yearly	1	10,000-24,999
90-day	10.70	10.99	8.79	half-yearly	1	25,000-49,999
90-day	11.20	11.51	9.21	half-yearly	1	50,000+
NATIONAL SAVINGS						
Investment account	12.75	9.58	7.65	yearly	2	5-25,000
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000
Capital bonds	13.00	9.75	7.80	yearly	2	10 min.
5% issue	9.50	9.50	9.50	not applicable	3	25-1,000
Yearly plan	9.50	9.50	9.50	not applicable	3	20-500/month
General extension	5.01	5.01	5.01	not applicable	3	-
MONEY MARKET ACCOUNT						
Schroder Wage	10.23	10.72	8.58	monthly	1	2,800
Provincial Bank	10.24	10.73	8.59	monthly	1	1,000
UK GOVERNMENT STOCKS						
5% Treasury 1991	11.06	9.02	7.79	half-yearly	4	-
5% Treasury 1992	11.01	8.98	7.72	half-yearly	4	-
10.5% Treasury 1995	10.86	8.27	6.71	half-yearly	4	-
5% Treasury 1994	10.90	8.69	7.36	half-yearly	4	-
5% Treasury 1992	8.16	7.37	6.80	half-yearly	4	-
Index-linked 5% Treasury	9.59	9.12	8.81	half-yearly	24	-

*Lloyds Bank-Halfpenny 90-day; immediate access for balances over £5,000.00. Special facility for extra £70,000. Source: Phillips and Drew. Assumes 8.0% per cent inflation rate. 1. Paid after deduction of compoundable basic tax. 2. Paid gross. 3. Tax free. 4. Dividends paid after deduction of basic rate tax.

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Despatches



A melting-pot of cultures: Brixton market in Electric Avenue

Anthony Ashworth

The peddlers of power

Nicholas Woodsworth finds exotica and extremism in Brixton market

We've got power in the name of the Lord. Hallelujah! Hallelujah! We shall not be defeated.

IT IS A lifting, carnival refrain that rises over the busy pavement, a rhythm more suited to the sunlit tropics than to cold and sodden streets. The little sidewalk choir that sings it also has a translated air: their dark faces gleaming in the drizzle, they clap their hands and sway their bodies with a kind of kinetic joy rarely learned in sober northern latitudes. But the members of the Universal Pentecostal Church are not alone in their displacement; as far down Brixton Station Road as one can see, Africa and the Caribbean are jostling each other for a place.

It is Saturday morning and, despite the rain, Brixton's outdoor market is packed - it is difficult to make any headway past the heavily-laden barrows and market stalls that line the streets. Here, in what remains the heart of Brixton's Afro-Caribbean community, the faces in the crowd are predominantly black. About 40 per cent of Brixton's population is of Jamaican origin. This, together with the Nigerians, Ghanaians, and more recently, Vietnamese that have also moved to Brixton, south London, leaves the community's whites a minority, though it was the birthplace of John Major, Britain's new prime minister.

As with black marketplaces from Kingston to Lagos, local people come to the Brixton market not just to shop but to stroll about, chat and meet friends. For the elderly men fastidiously dressed in the suits and felt hats of the 1950s, for the women with all the looks and demeanour of young Shabazz, for the kids in floppy-topped trainers and baseball caps worn sideways, the hum and activity of the market provides some relief to their all-too-often grim and beleaguered world.

Business is brisk at scores of stalls selling the inexpensive items of kitchen drawer and bathroom cabinet. But nowhere are the crowds thicker than outside shops and stalls with names such as Back Home, the Afro Food Centre and Tina's Tropical Foods. Here are things unmet with at Marks and Spencer just down the road: twisted cassava roots and knobby brown yams; smoke-blackened dried fish and salt-whitened cod; coconuts and cola nuts; guinea peas, plantains and okra; cho-cho, sawa-sawa and fufu.

Nor is food the only Afro-Caribbean exotica sought by shoppers. At the entrance to the cast iron and glass-covered

Granville Arcade, a music shop blares out reggae rhythms and jab-talk that would have left the arcade's Victorian builders perplexed. What would they have made of the woven tresses of human hair sold at Frank's Afro Cash-and-Carry? Or the medicinal roots and herbs sold by Mrs Hagdi at her Jamaican folk remedy stand? Would they have approved of the bright and voluminous men's gowns run up by Ghanaian seamstress Mary Dorker in her tiny arcade shop? No less today than 100 years ago, contact between black and white remains an affair fraught with difficulty and only rarely achieved to mutual satisfaction.

The dissatisfaction felt by Brixton's blacks is well known; twice in the last decade it has found its most inarticulate yet well-publicised expression in violent and destructive riots. High levels of black unemployment, sub-standard or non-existent housing, poor education, underfunded social services and police victimisation are only some of the complaints voiced. At the heart of them all lies the accusation of racial discrimination in a white-dominated society.

The black community's desire to live in an equitable order has put a high premium on an invisible but much sought after commodity in Brixton - power. Although there has never been much power in black hands here, there are many who claim they can lead the way to it if only others will follow. Offering hope to the desperate, the peddlers of power do a fair trade on Brixton's main streets.

The Universal Pentecostal Church may claim their particular power in the name of the Lord, but on this Saturday not many market-goers seem interested - two white drunks are the only observers who have thrown themselves fully into the song and celebration. Further up the road a skull-capped black Muslim with a barrow of Koranic texts and cassettes is doing only marginally better. His lecture on the superiority of Allah's law to English law is heard by one solitary, but sober, teenager.

The power sought these days in Brixton is not spiritual, but temporal and political. On the street, its nature is as extreme, and sometimes as irrational, as the kind of difficulties it seeks to attack. In front of the Brixton Tube station, dreadlocked militants of the Black Unity and Freedom Party demand an end to capitalism and imperialism, and the overthrow of the racist state. They will tell you why a Stalin is better than a Gorbachev, and why Saddam

Hussein is a victim of western conspiracy. They are only one of a dozen extremist political groups fighting for Brixton's hearts and minds.

On nearby Somerleyton Road, the street where the first generation of Brixton's Caribbean immigrants settled in the late 1940s, popular graffiti strongly suggest that succeeding generations have rejected British life and institutions. "Long Live Madam," "Rebuild the Black Movement," "Oppose Police Violence and Frame Up" it exhorts. Not far away, in Atlantic Road, long known locally as the "Front Line" for its turbulent street life, books on sale take things a stage further. *Africa, Mother of Western Civilization*, *Great African Thinkers* and *Malcolm X Talks to Young People* are some of the texts promoting a search for a new, and strongly independent, black identity.

Does Brixton teeter permanently on the edge of social disorder and race riots? No, say the stall-owners at the market, who as much as anyone know the rough and tumble of street life in Brixton. "Race in itself isn't the root of our problems," says Mrs Hagdi at her Jamaican medicinal herb stand. "It's money. We're like everyone else in Britain, trying to get by - we've just got less money than most."

If most black Brixtonians - bitter and frustrated by poverty but politically uninvolved - remain at the bottom of the pile, some have found a new identity through venture capitalism. Brixton's political activists may label them middle class sell-outs, but this has not stopped a number of blacks from establishing businesses in traditionally white-owned domains. These include a successful PR and advertising firm, a commercially-run radio station and a fashion design house whose owner proudly claims to have been patronised by the Princess Royal.

These initiatives might be encouraging, but for the moment they are rare bright lights on a dull horizon. Those who seek power through religious faith or political extremism have missed the boat. The only way to real power in Brixton is through education.

Only education can enlarge Brixton's economic franchise, increase its income and give it the material things that come with the higher standards of living that most blacks here only dream of - nice homes, new cars, or modern shopping malls. These are not changes that will come about tomorrow. In the meantime, Brixton is likely to continue to do much of its shopping from market barrow and stall.

BRITISH public schools have over the years acquired the status of icons. Challenging their status can provoke charges of blasphemy at best, an interesting mailbag at worst.

The article "The Old Order Changes" which appeared in the *Weekend FT* of November 17/18 ranked independent schools by academic achievement using a combination of expert opinion and statistics. While sparking some outraged letters from headmasters who felt their schools had been unfairly excluded - and who cited statistics to prove their point - the article also produced some thought-provoking responses.

Jon Bass, headmaster of Harrow School, asked: "Where is Harrow now? I can tell you exactly. According to your table ninth equal with 32 per cent A grades at A level. A pity your correspondent did not telephone Harrow and receive the correct information."

Similarly, John Daniel, headmaster of Royal Grammar School, Guildford, wrote that in his school in 1990, 45.4 per cent of A level exams resulted in grades of A, impressive results by any standard. Over the previous five years, the school had averaged 41.2 per cent A grades. "The criteria for inclusion would seem both vague and subjective," Daniel wrote.

B.G. Bass, headmaster of City of London School, wrote that we had omitted to mention that the percentage of grade A's at his school was 31.3 per cent and that therefore it should have been included in the top 10 list. "Knowing this, several parents have questioned me about it. How do you propose to rectify the omission? For us it is a serious matter," he said.

Dr G.M. Stephen, headmaster of The Perse School, Cambridge, wrote: "I have just been rung by two rather distraught parents of boys of the Perse School who certainly know our academic results and who claim to know those of Leeds Grammar School" - which was number 10 on the list.

Dean Bunnell, head of the mathematics department at Queen Elizabeth Grammar School, Wakefield, wrote scathingly that "the 'sample' chosen for 'statistical test' is both spurious and inadequate". His school, which is not on the list, had 32.8 per cent A grades at A level. Bunnell also suggests that it is inappropriate to compare A level statistics of those schools which offer the general studies exam with those that do not.

This did prove vexing when considering how to evaluate exam statistics. While most of the northern schools take the general studies exam - it is set by the Joint Matriculation Board which tests most northern students - headmasters and mistresses of southeastern schools tended to dismiss its

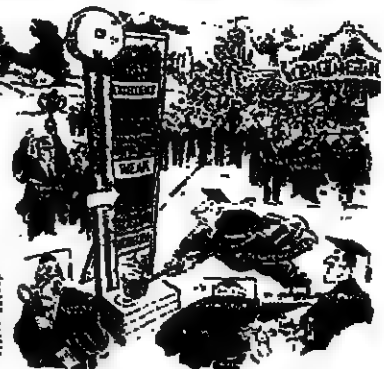
Education

The heads bite back

Norma Cohen's survey of top independent schools provoked a strong response. Here she answers her learned critics

The old order changes

Norma Cohen asks leading independent schools which school they think is top of the academic league



value. They claimed they too could bolster their A level results by encouraging students to sit the exam.

However, Martin Rogers, headmaster at King Edwards School, Birmingham, the nation's top boys' school, said that when general studies results were excluded from A levels, his A grades remained roughly the same. Leeds Grammar School said its percentage of A grades at A level would have been two to three percentage points higher had students not sat the general studies exam. And at some schools, such as Eton, students could elect whether to take the exam or not, thus making it impossible to divide schools completely. It therefore appeared that the exam is of little statistical significance and Bunnell's complaint is unwarranted. Furthermore, at many schools, further maths is a frequent fourth A level paper for those already studying three related subjects. It too is considered to be an "easy" A level under the circumstances and would have to be filtered out from results if distinctions of that type were being made.

The letters suggest that some headmasters either misunderstood the principle by which the list was compiled or that they are far more preoccupied with status than they care, usually, to let on.

As the article explained, an initial list of the top girls' and boys' schools was compiled by interviewing examining board officials, admissions tutors at Oxford and Cambridge and officials in independent education. The list was then narrowed down. Schools were struck from or added to the initial list if many interviewees said they disagreed with the ranking. After that headmasters and head mistresses were interviewed. They were read the list, asked to comment on it on a "no quotes" basis and asked about their academic statistics. The statistics were used to confirm public perceptions about a school rather than to determine whether or not it belonged in the list at all. We were surprised to see just how closely the academic statistics mirrored public perceptions.

Perhaps some schools were not given due consideration. The Perse School for Girls, Cambridge, missed the top 10 largely because it is a regional school and has escaped national notice. However, it was mentioned very favourably by one prominent examining board official and admissions tutors, and, with its 46 per cent A grades at A level, probably should have made it into the top ten.

Similarly, Royal Grammar School, Newcastle, listed as number nine, should perhaps have been higher on the list. While its A level exam results do not justify raising its ranking, those familiar with the tests themselves described the students as among the brightest they had seen anywhere.

And, to be fair to Harrow, at

least one prominent independent education official and one admissions tutor suggested it too belonged in a top-10 list.

However, the overwhelming body of opinion from other headmasters and educators was that while the school has gone a long way towards restoring its reputation, it will be a few years before it is once again seen as a leading school.

It is fair to say that no list compiled under such circumstances can be regarded as unequivocal. The list is subjective and open to criticism in terms of methodology. But the exercise proved one significant point: that the icons of British public school education may have more form than substance and that many lesser lights offer a more rigorous form of study and are charging less for it. The good news for parents is that top-quality education is available in the most unlikely places and that there is no reason to choose a school for your child that your dining companions will have heard of.

Meanwhile, there were some justified criticisms of the relatively small amount of space allotted to girls' schools. The article "The Old Order Changes" brought home one thing that has not changed - girls' education does not get good press," wrote Penny MacLeod, of London. We did indeed encounter difficulty in compiling a list of top-10 girls' schools and not for lack of trying. Regrettably, girls' education has received short shrift in England, perhaps because women play a relatively insignificant role in government and commerce.

Also, girls' schools simply cannot afford to operate the well-oiled publicity machines that boys' schools can - they have not been well endowed by generous benefactors and they have struggled to hold down fees. Perhaps this is a reflection of the sad fact that parents traditionally have been unwilling to invest as much in their daughters' education as in their sons' and consequently, schools are forced to scrimp.

MacLeod wrote that our description of traditionally female extra-curricular activities was "patronising" while Judy Goodland, headmistress of Wycombe Abbey School wrote to say that her school had never offered flower arranging. Headmistresses at most of the top-10 girls' schools spoke dismissively of such courses, describing them as a throwback to the days when girls' schools were intended to turn out little ladies.

The interviews suggest that a sea-change has taken place within girls' education - that schools are more seriously academic than ever and that they intend to compete head-on with boys' schools, some of which are eager to lure away their most able pupils.

True lovers of the grape have no time for gooseberries.

Hardy times in Eastern Europe

Tom Fort makes friends with the aid of a famous tackle company

THIS IS an encomium - in vulgar parlance, a plug on behalf of Britain's most celebrated manufacturer of fishing tackle, Hardy Brothers, of Alnwick, Northumberland. I have no hesitation in proclaiming them a credit to the nation to the sport they serve.

My high opinion of the company is not, as it happens, based on personal experience of its products. I gaze at the Hardy catalogue, fantasise, then decide that I cannot afford any of it. I am one of those cheapskates who buys rubbish, and then blames it rather than himself when things go wrong.

The reason I wish to sing the company's praises is that when I heard, in the spring, that I was planning a fishing trip to Eastern Europe, it decided that I needed some help. Hardy sent me a consignment of its wares not for me, but for those who were to look after me.

So it was that, alongside the tent, the rollup mattress, the camping stove and a lot of other more or less useless clobber, I took a fish kettle. In it were three Hardy Smugglers - the fishing rod for travellers, which breaks down into six pieces, three Prince reels, and three fly lines.

To say that these gifts were



gratefully received would be to understate the case. The graphite of which a Smuggler is made is hardly heavier than a handful of cornflakes, yet it has the power to deliver a fly across a river, and to command respect from a 3lb trout. A man who has only known cane or glass fibre rods has a strange expression on his face when he handles such a thing, compounded of wonder and joy.

I gave away one of these rods in Poland, one in Czechoslovakia, and the last in Romania (a week later my own 20-year-old cane trusty splintered in the middle). In each case, the recipient had a more or less serviceable fly rod. But this graphite wand was something else. They had heard of such things, but had never touched one. My one fear was that they would consider them

too precious to use. In Poland, there are about 30,000 fly fishermen. The number in Czechoslovakia is slightly smaller. Romania has the greatest number of trout and grayling rivers, but the proportion of anglers who favour the fly over bait fishing or spinning is small - mainly because no tackle whatever is commercially available.

Many Polish and Czechoslovak anglers have managed to obtain rods made in the West, mainly cheap glass fibre ones. Some also have German-made reels, although the majority are either ingenious home-made originals, or dreadful pieces of tat produced by domestic factories.

At a sports shop in North Bohemia I inspected a representative stock of tackle. There was one adequate German rod for sale, and a frightful fibre-reel stick made in Czechoslovakia. There was a British fly reel, costing two months average salary, and a worthless alloy specimen turned out locally. The only fly line available was also Czech made, of a quality to drive a man to slaverwork, or the worse.

But what the fishermen of Eastern Europe lack in available equipment they make up for with native ingenuity - particularly in the matter of

making artificial trout flies. Almost everyone I met had a skill which put me to shame. If I had any success with one of my shop-bought English creations, they would stink it, bring forth their tying materials, and produce a copy at least as good as the original. Much more frequently, they gave their flies to me.

The one proper tackle shop I visited was in Cracow. The stock of rods, reels and nets was wretched. But there was a range of flies - wet flies, dry flies, nymphs, all tied locally - which was superior to that in all but a handful of British shops. And the quality of the workmanship was of a very high order indeed.

All the fishermen I met longed to be able to possess the best. The difficulty, of course, is money. When I told them what a Smuggler cost, they shrugged their shoulders at the hopelessness of it. I was talking about the best part of half a year's earnings.

On the other hand, there is potentially a rich market out there. They have the rivers, the numbers of fishermen, and the passion in plenty. At the moment the cash is lacking. But I trust that, one day, I shall feel as ill equipped on the Polish San or the Romanian Mures, as I tend to do now on the Berkshire Kennet.

HOW TO SPEND IT

The big names bounce back

Lucia van der Post on how three venerable old ladies kicked up their heels and found a new lease of life



TIME WAS when the grand classic names like Hermès, Ferragamo and Gucci were considered safe, sure and suitable for well-heeled matrons. Fashionable women or stylish youngsters were doing their shopping elsewhere: showing a leg in Chanel or Alaïa, jangling a piece of Saint-Laurent jewelry, sporting a belt by Barry Kieselstein-Cord. But these days all three are staging a comeback and once again producing the kind of must-haves for those at the cutting edge of fashion.

Gucci is now sought-after for more than just its louche loafers. Ferragamo's famous shoe-print scarf is thrown casually round many a fashionable neck

and the young and stylish long to own one of Hermès pukka Kelly bags.

All had come to realise that producing predictable classic designs of undoubted quality but with a certain inevitability was no way to build for the future. All three houses took their thinking to the logical conclusion and appointed design directors with proven track records to rejuvenate and innovate within the spirit of each house.

Hermès was the first to begin to put a slightly funky, witty spin on its own classic designs. When Jean-Louis Dumas, the current chairman of Hermès, took over in 1979 he put the injection of fun and vitality at the top of his agenda. He took the brave deci-

sion of appointing Eric Bergère, then only 18, as design director of womenswear – and since then the house hasn't looked back.

A stream of fun and witty designs, often building on the themes associated with the house, began to emerge. The horsey and nautical motifs were put on to outrageous, over-sized braces. The classic scarf prints were reworked as skirts, shirts, blouses, and most striking, this season they emerge on a pure silk body-stocking.

Ties were given new life with more outrageous motifs – captains of industry and pillars of society clamoured for each new number, collecting them by the fistful – elephants and rabbits and this season's skiers, all £55 each.

In 1988 Claude Broet, who had been editor-in-chief at *Marie Claire*, took over from Eric Bergère and the rejuvenation of the house has gathered pace. To all the old craft-based skills, the fine silks, the carefully worked leathers, has been added a more light-hearted, modern approach to fashion and fashion accessories.

Menswear is still based on fine leathers and wools, but is made in softer, more casual lines so that you can find a duffle coat in wool, whipcord and softest cashmere, a biker's jacket in softest leather, a scarf with the silky tie prints on side and pure cashmere on the other. There are leather purses shaped like fruits and shoes made from the silk scarf prints.

All over town are the signs that Hermès must have got it right – from the chain-store to chic designer boutiques, all are offering the Hermès-style look at much more affordable prices. There are silk shirts with bold, swirling motifs, shoes with ditto and copies of the Kelly handbag everywhere. In the Hermès stores themselves the age of the customers is falling and world-wide profits have quadrupled in the last ten years.

Over at Gucci, they hope and think that the years of in-house fighting are over and that it is time to move forward. Maurizio Gucci – grandson of the founder, Guccio Gucci – who now runs the company and has an equal stake with Investcorp, a Bahraini investment company, took two crucial decisions last year: first to limit distribution of Gucci products to Gucci-owned outlets (current essential strategy in the luxury goods market), and second to charge Dawn Mello, once president of New York City's upmarket Bergdorf Goodman department store, with restoring the allure of the once golden name.

"The first thing I did," says Dawn Mello, "was to put aside

New-style Gucci takes a light-hearted, informal item, such as a rucksack, makes it in smart materials like softest suede and turns it into something infinitely desirable. In red, yellow and tan now, and black, grey and green as well from December 10, it costs £285 from Gucci, 17-18 Sloane Street, London SW1 and 27 Old Bond Street, London W1. At the end of January it will also come in pink and yellow.

Coming for the spring – the casual espadrille is hand-sewn in soft suede and glove-weight leather and given a flexible sole. In a range of soft sand and ochre colours, £85 a pair.

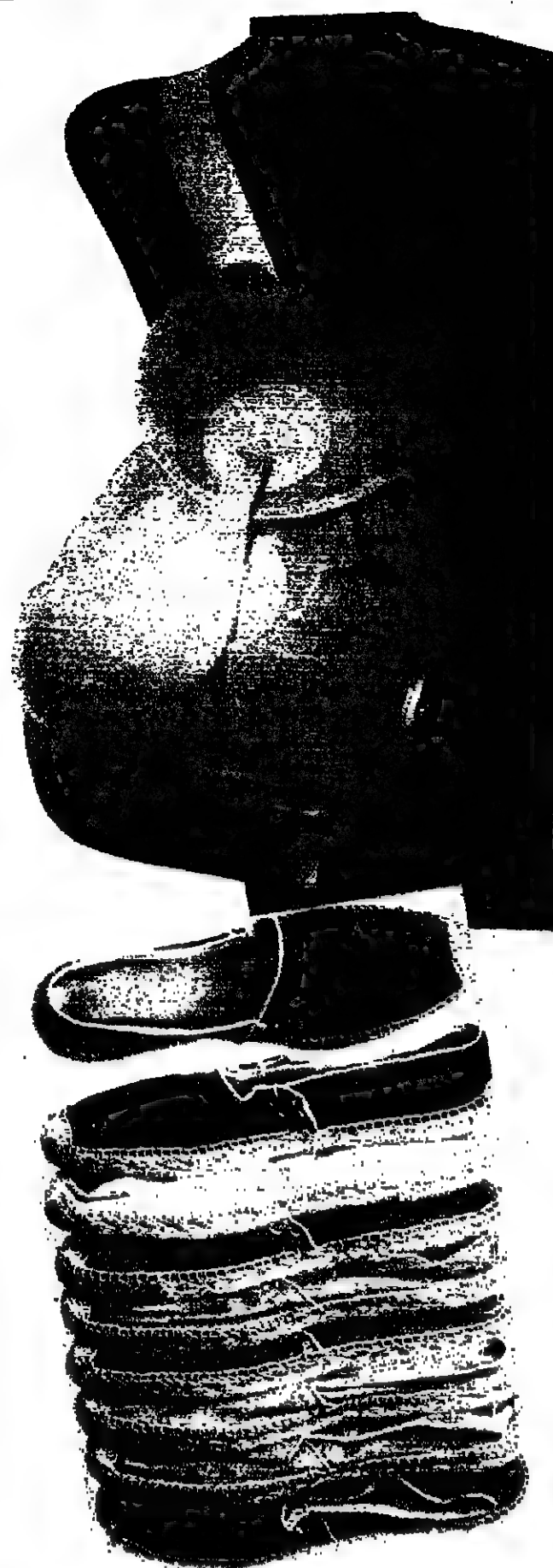
my preconceptions. I had thought I would come in and start to change things but what I found was that the archives were filled with ideas that were very modern and in keeping with today's life-style. I came to feel strongly that the original spirit of the house shouldn't be tampered with.

"I had originally thought that we would do away with all those GGs [the famous house logo] but I found that the essential core of Gucci design had a roundness, a voluptuous quality, that seemed to me to be inspired by the roundness of the G."

She decided, however, to be more selective in using the GGs and to use them only when appropriate. The distinctive green and red webbing which in later years had come to be machine-made and cheapened is once again woven on handlooms, the true red and green colours restored. It will be used selectively on certain sporty goods. The famous loafers, on every fashion editor's list of must-haves, is also once again to be hand-stitched – the price will have to increase but the quality will be restored.

As well as improving quality, she is also reworking traditional Gucci themes. "We found that if a bag is valid in one size we can take it up in scale or down. For instance the well-known squashy Hobo or Mesalina handbag [which she herself as a young girl did without lunch to save up and buy] is going to be scaled up for next spring which will give it a certain swagger. Bamboo, another classic design we found in the archives and have reintroduced with immense success, we have also scaled down and made in satin for evening."

Other updating is done through the use of colour – the loafers, for example, once

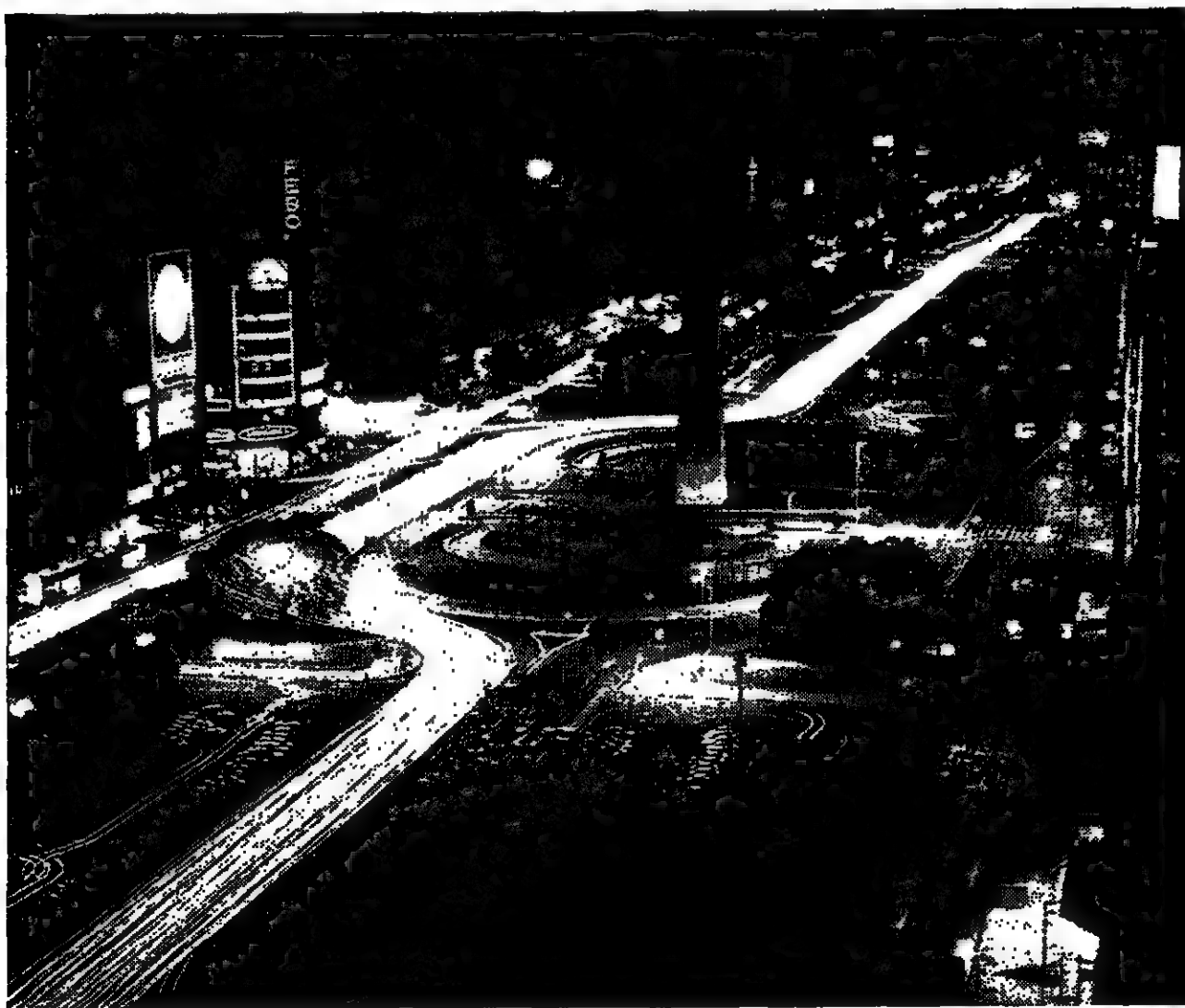


only available in black, tan and brown are now made in a host of mouth-watering shades, including bubble-gum pink and butter yellow, all coloured with vegetable dyes instead of chemical ones.

At Ferragamo, thinking has been along similar lines – how to retain the class and quality and yet introduce wit and sparkle. They, too, looked to America for some new design direction and hired Stephen Slowick from Calvin Klein.

Just as Gucci and Hermès use their most famous motifs, the horsey and nautical themes, in funky, witty ways, so Ferragamo took the shoe motif and made its now famous shoe scarf which, at £110, is still a best seller. Gilded shoes these days appear on jackets, hang from bracelets, dangle from ears, are embossed on buttons, hold together handbags and generally serve as the Ferragamo logo – witty and jokier by far than the by now hackneyed idea of initials.

So today these grand, old stalwarts of the fashion world find themselves in some very unlikely company – Hermès silk prints push-up velvet leggings, Gucci loafers walk out with 501s, Ferragamo scarves lend colour to an Alaïa dress. It's all good, clean fun – and each lends something extra to the other.



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Wide cuff bracelet in gift, again based on the famous archive shoe motif which Ferragamo has used so successfully on its scarves, handbags and jewellery. £250 from Salvatore Ferragamo, 24 Old Bond Street, London W1

Black suede evening handbag with gift clasp based round the Ferragamo shoe. £245 from the Ferragamo boutique. It also comes in black, red or tan lizard, at £245 or in fuchsia pink, deep purple skirtlet or black satin duchies at £150.

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HOW TO SPEND IT

A glittering choice to tempt the sharp-suited

Lucia van der Post goes in search of classic jewellery and finds a dazzling array of antique and modern pieces, both costume and real

THIS IS a year when jewellery has become more important than ever before. All those sharp suits with skintight skirts seem to demand a sizeable brooch and some extravagant earrings. This does not necessarily mean the jewellery has to be inordinately expensive, though the days when costume jewellery was cheap are certainly gone forever.

Costume jewellery by named designers has soared in popularity and Maria Morola, who specialises in selling decorative costume jewellery from 1900-1960 at her shop at 178 Walton Street, London SW3, reports that prices seem to be going up and up — pieces by named designers like Trifari, Schiaparelli, Miriam Haskell and Eisenberg are exchanging hands at prices that seem almost preposterous compared with just a year ago, but as Mark Twain said about land, they aren't making any more of it.

For modern costume jewellery which

as yet doesn't command the same prices the best sources, in my view, are the best department stores like Harvey Nichols, Liberty and Harrods, all of which have a truly splendid array. Of the smaller operators one of my favourite sources is Mauguette — she has a wonderful eye for the mood of the moment and exquisite taste. She has two small shops, one at 165 Draycott Avenue, London SW3 and the other at 20a Kensington Church Street, W8.

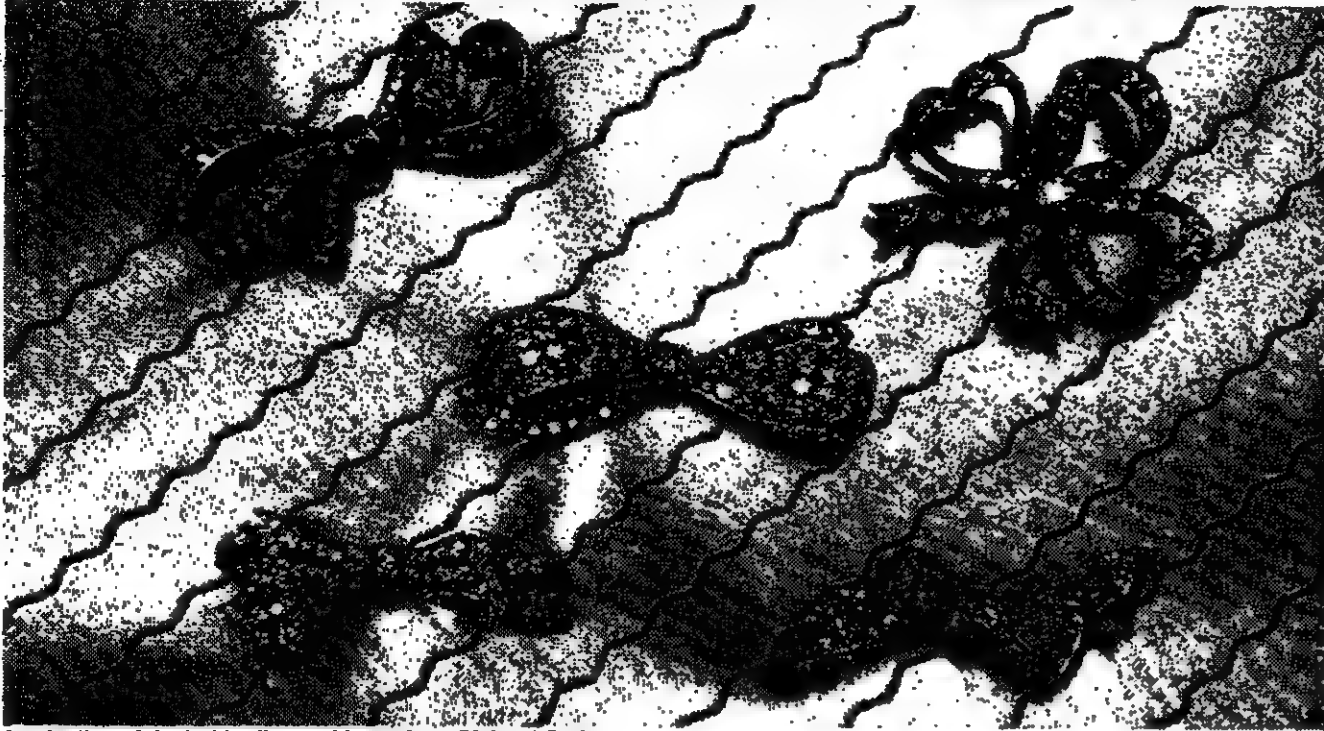
Ian Norrington is a good source of well-priced, conventional, classic real pieces. He runs a tight ship, with no grand shop, more of a showroom (you must make an appointment to visit) and a mail-order operation, so prices are keen. Brochures, one on pearls, the other on all sorts of jewellery and gift, are available free from 114 Jermyn Street, London SW1Y 6EL. Tel. 071-839-4702.

There are some for whom jewellery isn't worth having if it isn't real — they'd

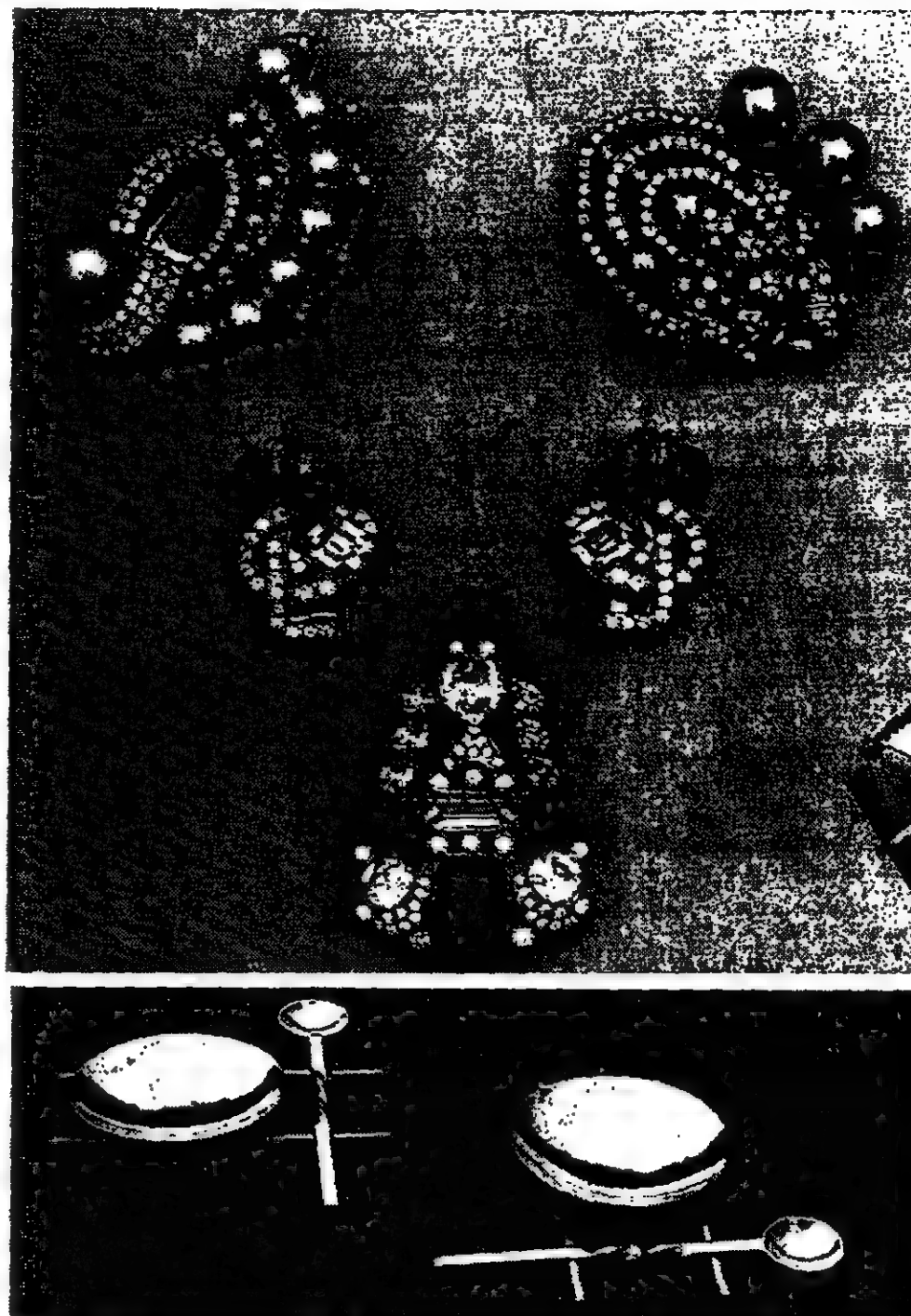
rather have a tiny little diamond or a sliver of gold than any amount of paste and diamanté.

I would direct their attention to Zales (the most upmarket of Gerald Ratner's jewellery group) where, if they keep their taste-buds on full alert, they could find some surprising little numbers among the dross. For instance, the ever-popular Russian-style three-gold ring — a simple, classic design, much-loved by many, can be bought in 18 carat gold at £189 (with the Cartier imprimatur and snuggled into Cartier's distinctive burgundy box you could pay £235).

When it comes to the three gold bracelets Cartier does them in 18 carat gold at £1,780 for the thinnest bands (34 gm) and £5,100 for the thickest (94 grammes). At Ratner's and Zales (but make sure you go for the dead plain ones) they only do 9 carat gold but the prices are excellent — £94.50 for 9.50 grammes and £349.50 for 33.90 grammes.



A selection of desirable diamond bows from Richard Ogden, 28/29 Burlington Arcade, Piccadilly, London W1, ranging in price from £2,900 to £4,500. A mail order catalogue is also available from the same address.



Spink & Son at 5, 6 & 7 King Street, has some delicious pieces of old costume jewellery for sale from £100 to £3,000. Photographed left are two sterling silver clips with diamanté, grey and white pearls, dating from the 1940s, £350 each. The set of three 1930s clasps with green stones and diamanté cost £450.

Cobra & Bellamy, 149 Sloane Street, London SW1 are currently selling a collection of 1950s and 60s jewellery belonging to the partners Tania Hunter and Veronica Manassis. Photographed below is a dramatic knot brooch with 9 carat gold wire, £120.

Philippa Merriman is a silversmith who will do pieces to commission. Her salt and pepper pots, photographed left, in sterling silver, are £100 the pair and can be obtained direct from her at Westfield House, West Road, Lancaster LA1 5PE (tel. 0524-382323). She also has a lovely selection of sterling silver spoons with leaf-shaped tops at £180 for a set of six.

Looking good, sounding bad

IT SOMETIMES seems that the more you pay for a hi-fi system, the less you get.

Expensive British systems (British manufacture is a sign of quality at the top end of this market) are usually austere; lights are absent, knobs and sliders rare. Some even eschew frilleries such as on/off switches and tone controls.

This may in part be hair-shirt affectation, but it also reflects sound principles of design. The more circuitry you put into an amplifier, goes the theory, the harder it is to get good sound reproduction. The extra electronics interfere.

The expensive stereo equipment comes as "separates": you build up your system from individual components of your choice, mixing and matching different manufacturers in your search for quality.

In High Street stores you will see little but "package systems": an amplifier, cassette deck, radio, CD and/or record player and, usually, loudspeakers. Package systems are convenient, easy to set up, match visually and take up less space than separates. They can give good sound quality, but most do not.

Unlike expensive separates, package systems bristle with buttons and flashing lights. A favourite is the spectrum analyser, a row of light bars each

representing a part of the whole frequency of the music, from bass to treble. In a heavy piece of music, the bass lights will be more prominent than the treble lights and so on. In effect, a spectrum analyser is trying to show you what sound looks like. This may be an interesting endeavour for an artist or poet, but not for a stereo system.

A spectrum analyser is often coupled with a graphic equaliser, a row of sliders, each controlling a small part of the frequency range. If you can be bothered to fiddle with it, a graphic equaliser can give greater precision than you could achieve with a simple tone control. It could help to compensate for an inadequate system, but it is better to buy a good system in the first place.

Among the other features which has found on package systems are a motorised volume control and a "listening-style selector".

On most systems with a remote control, you press a button and the volume goes up or down. This is simple and

works well. With motorised volume control you press a button on the remote control, a light on the system comes on, and the volume knob starts to rotate. This is a motorised volume control and it is a pointless gimmick.

The listening-style selector is a display which tells you the frequency of the radio that you are tuned to (useful), whether you're listening to cassette, CD, record or radio (pointless). It also flashes up "hello" when you switch on, "goodbye" when you turn off.

But why stop there? Why not a talking stereo system? A friend was given a talking alarm clock, which made such announcements as "Good morning, it's time to get up". An alarm clock has to make a noise, so a talking alarm clock may not seem too ridiculous.

A talking camera is a different proposition. Just as you compose the perfect wedding picture, or prepare to take that once-in-a-lifetime holiday snap, it announces that the light is too low or there is no film in the camera. This will do nothing

for your reputation as a photographer or a human being. What sort of person takes orders from a camera?

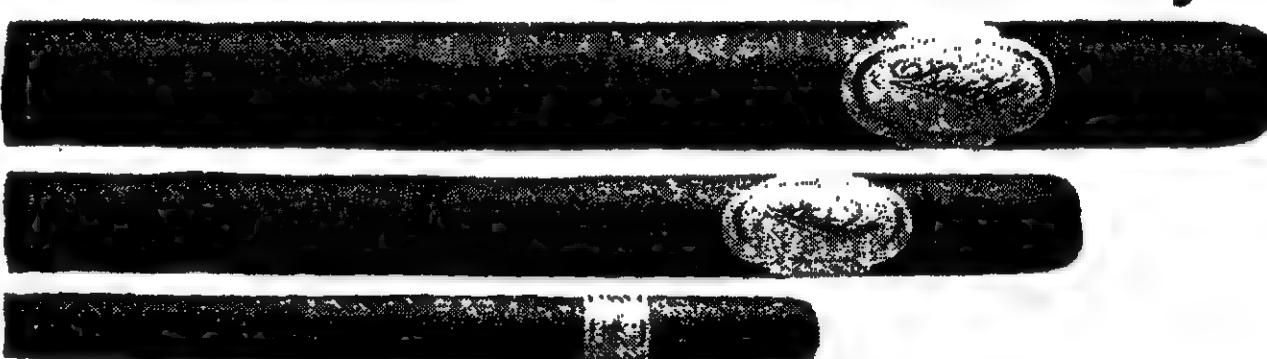
But the technology is available. So why should the manufacturers not make the leap to a talking hi-fi? The digitised voice of our favourite celebrity could greet us cheerily when we turn the system on, bid us a regretful goodbye when we turn it off, in between informing us that we are listening to a CD, a cassette or a record.

Perhaps one reason they have not done so is that it would destroy the illusion that the rows of lights and knobs work so hard to create. All these knobs, sliders and lights turn a stereo system into your very own Mission Control. You become the master of a complex piece of machinery. This is reinforced by the fact that package systems never have names, just a pseudo-military-scientific jumble of letters and numbers: S655D, A1 3000, JP233. The first two are package systems; the last is the "area denial" bomb carried by RAF Tornados. If your stereo system could talk, and tell you simply how to operate it, this aura of exclusive mastery would vanish.

Simon Hinde

Simon Hinde is editor of Which? magazine.

Have Havanas had their day?



IT WAS NOT very long ago that the names of Davidoff and Dunhill stood for the very best in Cuban cigars — always hand-rolled, blended from a variety of at least five types of aged tobacco and adorned with the company bands of two of probably the most famous names in cigar distribution. They were the *creme de la creme* of fumigatory delight worldwide.

In the next few months, if not weeks, this will be no more. Davidoff, the Swiss-based tobacco products merchant, and Dunhill of the UK, have upped sticks and taken their custom away from their erratic suppliers, Cubatabaco in Havana, and shifted their operations to the neighbouring Dominican Republic.

In the past year, they have contracted with a number of specialist cigar makers to supply what might be called purpose-built, high-quality hand-rolled cigars that they say will soon fill the market niche previously occupied by Havanas. Now some of these new cigars are beginning to hit western markets in a series of sneak previews.

Davidoff recently showed off in one of its US outlets one of its new Dominican Republic marques, and will be launching the full range of at least ten of its new cigars around Europe early in the new year. Some of the eight new Dunhill Dominican Republic types are now on the market in the UK prior to a full scale unveiling.

But how good will the new cigar be compared with the best available from Havana? Cigar smokers, especially the older generation, tend to maintain brand loyalty, and the notion that hand-made facsimiles are as good as the real article may prove to be the most difficult marketing hurdle for the two companies.

Nevertheless, production is under way and much of it is being carried out by expatriate Cubans, who are legion throughout the Caribbean basin. The La Romana site of the Dunhill cigars is part of a huge resort, sugar-growing and agricultural complex owned by the Cuban-born but US-domiciled Fenjil family. Dunhill is able to claim that the climate and soil of the Dominican Republic is virtually the same as Cuba.

Certainly the brands that have trickled into the UK indi-

cate that Dunhill is on the right track. The Dunhill Valverdes panatela, for example, is one of the smoothest-tasting hand-made I have smoked. It was John Croley, head of Robert Lewis cigar merchants on St. James's in London, the doyenne of Britain's cigar merchants, who once cautioned that a cigar that does not draw smoothly, no matter what its taste, should be thrown away instantly. He would have no such compulsion with the Valverdes.

One reason, says Dunhill, is that the hand rollers at La Romana have brought in a single mechanised vacuum device which tests the the cigar's draw-factor before the final wrapper is put on and it is prepared for sale. As for taste, the new Dunhills are probably the most flavourful non-Havanas on the market, although they lack the famous "bite" of a true Havana. This will probably be corrected in time as blending with different ranges of aged tobacco improves.

The decision for the shift out of Cuba by the two companies was not easily taken. Dunhill several years ago undertook a relaunch of its Havana brands, which it sold in Britain's better hotels and tobacconists. But this year it halted the effort because of erratic quality and deliveries from Cubatabaco, the state monopoly. This has never satisfactorily matched the dictates of post-1959 Revolution centralised planning with the requirements of the European marketplace. Cuban cigars still being officially banned from the US.

Davidoff's difficulties were more dramatic. It fell into a public war of words with Cubatabaco, saying it had received hundreds of thousands of Havanas that were not suitable for the Davidoff name. Cubatabaco countered with a claim that Davidoff charged too much for its cigars — often 50 to 100 per cent more than other marques. Behind the scenes, Cubatabaco tried to buy-out Davidoff, but was rebuffed. Links were severed earlier this year, and Davidoff's own-brand Cuban cigar stocks are expected to run out in the next few months.

But in the world of quality cigars, nothing is ever black and white. Dunhill in London operates probably the world's best humidifier room, selling up to 30 other marques of Cuban

cigars which, despite supply problems, still dominate the market.

Davidoff's London shop, in addition to selling competing Cuban brands, such as Monte Cristo, Upmann, Romeo Y Julieta, Punch and Ramon Allones, is in the curious position of operating as a franchise of Davidoff Switzerland. This enables it to import Davidoffs from Cuba, whereas the parent company cannot. At some point a legal problem will arise. So far, Davidoff UK is bound only to limit its own-brand sales to the UK market.

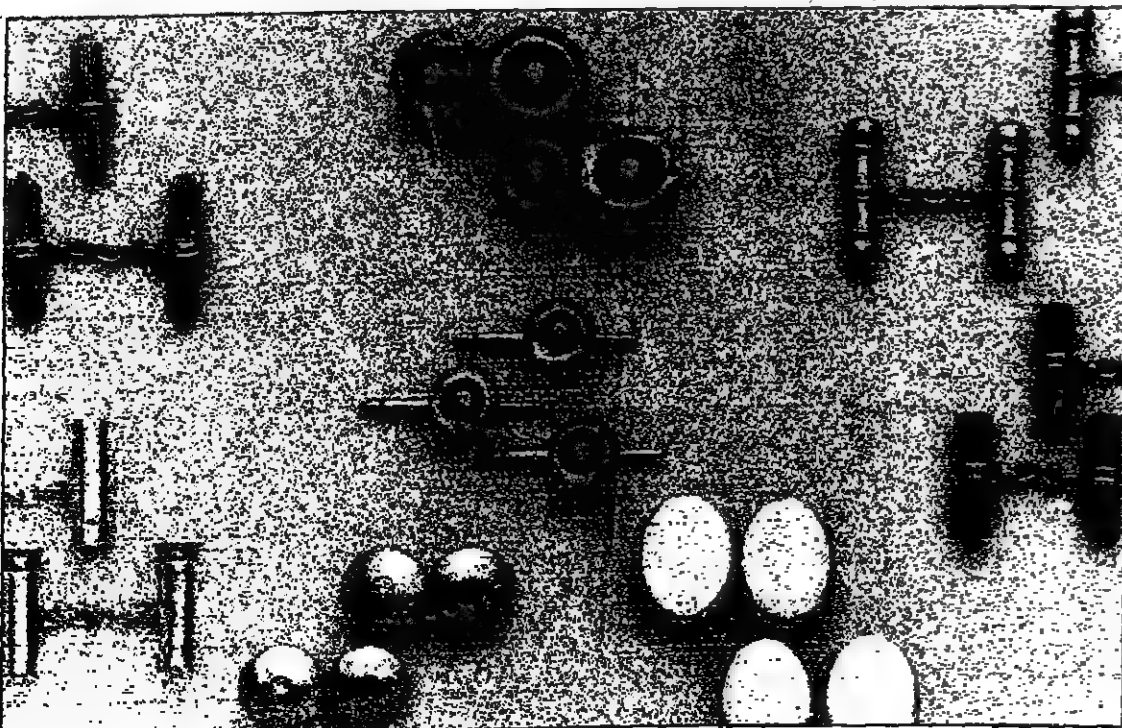
The quality cigar trade is not in the same robust health this year as it was in the late 1980s, due largely to a contraction of

new custom due to heavy layoffs in the City — the somewhat tattered Yuppie market is not what it used to be.

Dunhill believes that its Dominican Republic brands will carve a useful niche, however, because they will be priced 10 to 20 per cent lower than Havanas by virtue of the Dominican Republic's recent elevation to the status of a Lome Convention country, thereby benefiting from preferential European tariffs that do not apply to Cuban cigars. In short, some Dunhills will be on the market at less than £3 apiece, a price that Havanas have not enjoyed for years.

Frank Gray

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FOOD & WINE

Foiling a new gunpowder plot

Giles MacDonogh tries to track down suppliers of saltpetre, a vital ingredient in curing meat

IN THE harbour square in Valparaiso stands an imposing statue of Captain Arturo Prat, one of Chile's national heroes. Prat lost his life during an episode in the War of the Pacific (1879-1883) when he attempted to board the *Huascar*, a Peruvian ironclad. In the combat, Prat's wooden ship was rammed three times and eventually sank with all hands. It was another four months before the Chilean Navy captured the *Huascar*.

The cause of the Pacific War was the contested ownership of the vast nitrate fields that formed part of southern Peru and Bolivia. Chile's victory resulted in the secession of the fields and an important source of wealth.

Nitrates were often in demand. One of the most important nitrate compounds is potassium nitrate or saltpetre, an essential ingredient for gunpowder and explosives. Salt-

petre however, has non-martial uses: it is required to enhance the brine baths of all cured meats, giving them that rosy colour. Without saltpetre ham would be an unappealing grey.

Saltpetre has become increasingly difficult to find of late and cooks have sounded the alarm, signalling saltpetre as yet another accessory which has fallen foul of government health regulations. A quick telephone call to the Ministry of Agriculture, however, revealed that this was not the case. Saltpetre remains a permitted additive (E250) for meat

products even if a scale has been established for the quantities which can be legally employed.

Was the reluctance of chemists' shops to sell saltpetre anything to do with its explosive potential? Distinguishing his brief, he knew exactly what I had rung for. As it turned out I was very lucky to have been able to obtain any saltpetre as Thornton and Ross had stopped selling it.

In the late '80s questions started to be raised about the use of nitrates in the food chain. It was suggested in some circles that they

might be the cause of cancer. In Scandinavia they were banned outright, while the EC imposed regulations which were promulgated in the UK.

The gist of the regulations was to prohibit certain running agents in the saltpetre which might be harmful. As the only supplier to pharmaceutical chains, Thornton and Ross had a difficult decision to make. At first it added the instructions found on my packet: "Not recommended for food use." Later, fearing a heavy-handed cook would get them into trouble, they withdrew stocks.

Thornton and Ross might have been able to issue the saltpetre without the running agent, but its experiments showed that without it the saltpetre became concrete-hard, breakable only with a hammer and chisel (with possibly explosive consequences). As demand for household saltpetre was not high, and that investment in the appropriate machines could be justified. Hence the recent lamentations of home-curing cooks.

Dr Greig was conscious that the press would see Thornton and Ross

as "the baddie" simply because it was the last in the chain to supply for home use. The industrial ham processors, he said, imported saltpetre and ground it themselves to add to the other brine ingredients.

But home-curers need not be in complete despair: you can try wheedling some pickling solution out of your butcher but, if you are trying out Philippa Davenport's accompanying recipe for spiced beef, make sure that it is the right mix.

I called mine and luckily he knew of a supplier. While keeping the name of his supplier secret, Thomas Ford, of 2 West Smithfield, London EC1, (Tel: 071-245-5868) will supply a five-kilo bucket of saltpetre for £3, plus VAT. If you do not want such a large quantity, ask a friend to buy a small amount when next they are abroad, where it is freely available. No need to invoke the memory of Arturo Prat: all is not lost.

The (spiced) beef of England

Philippa Davenport supplies tasty and time-saving recipes for the festive season

ONE OF my favourite corner-stones for festive menus is spiced beef. Not only does this luscious, old-fashioned cut-and-come-again cold cut make excellent eating, but the effort involved in curing and cooking is negligible compared to the number of kitchen hours it will save, and the number of servings it will provide, when Boxing Day dawns - and St John's Day, Holy Innocents' Day and the rest.

The little ritual of rubbing the beef daily with sugar, salt and spices while it cures is really no trouble. Even high-powered executives could slot it into their schedules. They might do so with advantage for I fancy that the sweet, spicy scent inhaled in the process is as soothing as anything used by aromatherapists.

Another Godsend for the cook at Christmas is tapenade. The only tedious thing about this pungent and admirably versatile olive and caper paste is stoning the olives. I minimise effort by using a large fleshy variety such as kala-mata, but even if you use fiddly miniature Nicoise olives, I reckon the investment of time spent making tapenade is easily recouped by the peace of mind it will give you over Christmas.

For one of the best eats to serve at drinks parties, brush thin rounds of French bread with olive oil and burnish

under the grill; serve the toasts warm or cold spread with a little tapenade and a sprinkling of parsley for colour. These toasts are also excellent served with a bottle or two of wine, a bag of chestnuts for roasting, and maybe some cheese and a salad, as a fireside snack supper when you want an antidote to full-scale festive meals.

Tapenade can be beaten into mayonnaise to make a piquant and creamy dressing for the last of the Christmas bird. Or it can be thinned with a slurp of stock or wine to sauce pasta or fish. Last but not least, a jar of tapenade makes a handsome home-made present for the ubiquitous character "who has everything."

SPICED BEEF
(serves 10 to 16)

This is the sort of dish that was once served in manor houses and farms throughout England. The flavour is mellow, subtly spicy and rich, quite unlike briny salt beef, and is a delicious reminder of ancient tastes.

To cure and cook beef in this way is satisfying and remarkably simple, but the processes cannot be hurried. This week is not too soon to begin if the joint is to be eaten at Christmas. Once it is ready, spiced beef will keep well for a fortnight at least if wrapped in (regularly renewed) greaseproof paper and foil and stored in the fridge - an excellent cold cut for the long Christmas

and New Year holiday period.

5½-6lb best quality silver-side, cut and tied for salting; 3 oz dark muscovado sugar; 2 or 3 cloves; 2 inches cinnamon stick; 1 oz black peppercorns; 1 oz juniper berries; ¼ oz allspice berries; 4 oz sea salt; 2 teaspoons each saltpetre and dried thyme.

Put the joint into a scrupulously clean crock. Rub the meat all over with the sugar. Cover and leave in a cold larder for two days. Using an electric spice mill or coffee grinder (or mortar and pestle and plenty of muscle) reduce the spices and salt to a coarse powder.

Stir in the saltpetre and thyme. Rub the aromatic mixture into the beef and let it cure in the crock in a cold larder for a further nine days - just turning the joint and rubbing it daily with the (gradually liquefying) spicy mixture.

When the cure is complete, rinse the joint quickly under a cold tap (do not soak it) and wipe off any spices that stick to it with a damp cloth.

Lay the joint in a heavy oval casserole that holds it snugly. Pour 7 fl oz cold water round the beef and seal by placing a sheet each of greaseproof paper and foil between the pot and its lid. Cook at 275°F (140°C) gas mark 1 for 4½ hours or just over. Do not open the pot as it cooks.

Let the cooked joint rest in the unopened casserole for 2½

to 3 hours after it emerges from the oven. Then remove the beef, drain and dry it well. The liquor can be saved for making onion soup. Wrap the joint in greaseproof paper, sandwich it between two boards, press it with 5 to 4 lb weights and leave in a cold larder overnight to "set" the meat.

Re-wrap the spiced beef carefully in fresh greaseproof paper, over-wrap it with foil and store it in the fridge. Bring the meat back to room temperature at least 2 hours before it is to be eaten and carve into paper-thin slices for serving.

TAPENADE PASTE
(fills one small jar)

I always feel reassured when I have hoarded away a jar or two of this very savoury preserve, particularly at this most sociable time of year. Tapenade can be used to delicious advantage in many ways (as described above and in the recipe which follows) and keeps well for a couple of months if potted in an airtight jar and stored in the fridge.

½lb black olives, stoned weight; 1½ oz capers, thoroughly rinsed and dried; 1 small garlic clove crushed with 1 anchovy fillet or 1 teaspoon anchovy paste; 1 teaspoon lemon juice; a little olive oil.

Process the olives, capers, garlic and anchovy to a coarse paste. Add the lemon juice, 2 tablespoons olive oil and whites

again. Check seasoning and pot into a small sterilised jar. Pack the mixture down firmly so there are no air pockets. Cover with a film of oil and a well fitting lid, and store in the fridge.

GRILLED FISH WITH RED PEPPERS & TAPENADE
(serves two)

The idea for this easy fish dish was gleaned from a recent Guild of Food Writers' dinner at the Hyatt Carlton Tower in London.

2 thick cut cod steaks weighing 6 to 7 oz each; 1 large red pepper; scant 2 tablespoons tapenade paste; a little olive oil; a few spoonfuls of wine (optional).

Grill the pepper until the skin is blistered and the flesh is tender. Brush the fish with olive oil, season it with a pinch of salt and grill under moderate heat until cooked through, say five minutes on each side. While the fish grills, skin and seed the pepper and cut the flesh into strips. Keep it hot.

Add the grilled fish to the serving dish and stir the grill pan juices into the tapenade. Deglaze the pan with a few spoonfuls of hot water or wine and beat as much as is needed into the tapenade paste to make a creamy-textured pouring sauce.

Spoon the sauce over or around the fish and serve with steamed potatoes. Braised or sautéed fennel also goes well with this dish.



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WINE FROM ITALY

SYMBOL OF THE QUALITY AND CIVILISATION OF WINE

High hopes, lower prices

BURGUNDY, LIKE other French regions, has enjoyed another successful vintage, although opinions vary as to its relative quality.

Some say that the exceptional richness and complexity of the vintage is reminiscent of 1947. Others contend that it all depends on late picking, which began early in the Côte d'Or in mid-September, plus a carefully restricted yield. Also important is a thinning in July of the bunches, a fairly common practice in Burgundy now but new to Burgundy.

Although no figures or official estimates of the size of the crop are available, it is certainly very large. A prominent grower said that instead of eight to ten grapes on a bunch there were often 20. All the leading merchants' and growers' vines were thinned; where not, the wines may lack fruit and character.

It is generally agreed that the white wines are not as good as in 1989, partly owing to big yields. Production in Puligny-Montrachet, for example, was often a third higher - 60 hl (8,000 bottles) per hectare - than the official limit, which was probably excessive anyway. Yet in the celebrated Baron Thénard vineyard 25 per cent of the grapes were thinned to hold production close to last year's level.

A high quality vintage was not, as in 1989, assured. A drawn-out period of vine flowering in June led to considerable coulure and millerandage (failure of the flowers to set and then of the grapes to swell). Nevertheless, the crop potential was very large. Hot weather and hardly any rain in July and August meant thick skins, lack of juice and low strength; but the vintage was saved by rain at the beginning of September. That is why delayed picking was so important. Some firms, such as Louis Latour, did not complete their vintage until October 10.

However, the third good vintage in a row received a distinctly muted welcome by the merchants, with large unsold stocks of '88 and '89 in their cellars and not much cash in the bank. Consequently, in complete contrast to a year ago, when the market opened as the vintage ended, the large quantities of wine changed hands before the Hospices de Beaune auction in mid-November, there is now no market in the Côte d'Or for any but such basic wines as Aligoté and Pinot Noir, and it is unlikely to open before the New Year.

Nevertheless, the Hospices de Beaune's annual auction of its new wines on November 18 was looked forward to with special interest this year; not so much for the quality, which in pre-sale tastings had disappointed many, but to find out how much prices would retreat after last year's jump of over 24 per cent beyond the highly regarded '88.

The Hospices prices for these two previous vintages were 25 and 22 per cent respectively above the general market levels. Now they were expected to be more in line, and with a fall of 34.32 per cent for the reds, 37.56 per cent for the whites, and an overall decrease of 25.25 per cent, their previously expressed hopes of a 20 per cent decrease were more than fulfilled. For this sharp fall would be a signal to the thousands of growers in Burgundy that boom times were over.

The top prices per hectolitre (300 bottles), with last year's comparable figures in brackets, for the red wines were as follows: Meursault Chassagne-Montrachet 1989 FF 62,000 (FF 78,000); Corton D'Or 1989 FF 38,000 (FF 58,000); and Pommard Dames de la Charité 1989 FF 38,000 (FF 53,000).

The much smaller quantities of the whites normally receives the best prices, and the top three this year were Corton Charlemagne François de Salles FF 155,000 (FF 300,000); a new wine this year, Bâtard-Montrachet Dames de Flandres FF 55,000 (FF 100,000); and Puligny-Montrachet Les Bon FF 63,000 (FF 85,000).

The Corton Charlemagne was bought for the third year running by Robert Klapp, chairman of Select Appointments, London, W1, who this year faced less of a sell-off battle with a Japanese bidder than he did last time. The Bâtard-Montrachet was bought, somewhat controversially, earlier this year in exchange for some vineyards belonging to the Hospices. The seven *cuvées* (rather less than a third of a ha) had cost the equivalent of FF 4.9m (25m) at the time of the transaction. The sale total for the 80 lots of wine (which took over five hours to sell by candle-lit auction) was FF 21,878,000 (FF 29,321,193).

One reason for the fall in prices was the almost total absence of American buyers, and very few British.

The most prominent were Japanese, who shared in at least 13 lots. Keizo Saji of Suntory paid FF 350,000 for an ex-catalogue cask of Beaune Nicolas Rollin, sold for charity each year. The next most prominent foreign buyers were the Swiss and the Germans, but the Japanese are now Burgundy's fourth largest white wine customers and in value terms only a whisper behind that of the US, which used to lead the field but is now in steady decline.

Indeed, the nervous state of the market is partly attributable to the poor showing of the export market on which Burgundy depends for 60 per cent of its trade, which is in the hands of no more than 12 to 15 merchants.

The UK market is Burgundy's largest, particularly for white wines, with demand up by more than 50 per cent in the last five years; but under current conditions, with stocks in the Swiss cellars dating back to the '80s at least, and an already evident recession, a rush to buy expensive '90 Côte d'Or wines looks unlikely. The less costly Côte Chalonaise, Mâconnais and the generic Chablis may fare better.

Much may depend on whether the growers both of the "village" wines (Gevrey, Chablis, Pommard, etc.) as well as the Grands Crus take heed of the Hospices results. Burgundy's trade differs from Bordeaux's. There is far less *en primeur* marketing of the wines that carry the region's reputation throughout the world, although it is growing. The important growers do not sell their wines until they are bottled, for the most part they are still offering their '88s, while the merchants are obliged to keep stock of the latest vintage much longer than the *negociants* of Bordeaux.

So if the desirable drop in prices comes about it may first affect those unsold '88s, which did not take advantage of the unusual demand earlier this year.

We shall know more in six months, but although the '90s - particularly the reds - should almost certainly be acquired by every dedicated burgundy drinker - and the *en primeur* burgundies are unrivalled in the world - it might be best to check one's adequate stocks of the '88s and '89s and await the prices of the '90s a year hence. Not a vintage, it would seem for "opening offers."

Edmund Penning-Rowell

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DELICIOUS

The case of the coded labels

Jancis Robinson uncovers a little secret at a bastion of male chauvinism in the city

I SUPPOSE there are people to whom the name El Vino is synonymous with wine quality and connoisseurship, the firm springing as it does from the loins of the Conservative party and the City of London.

These are probably the same sort of people as the Mitchell brothers, owners of El Vino, who will have no truck with New World wines. Sir David and Christopher Mitchell are proud of being, respectively, an MP and a member of the Court of Common Council in the City.

Some of us, however, are less generous in our estimation of real wine connoisseurship in Westminster and the Square Mile, and are only too aware that there must also be others who more readily associate El Vino, their best-known watering hole, with male chauvinism and some of the seedier aspects of the old Fleet Street.

Certainly past experience of their wines inclined me towards the second, more sceptical view. A recent tasting of three dozen of their wines, held intriguingly close to Big Ben on one of the more crucial days in the Conservative leadership contest, left me less dubious about the quality of El Vino wines but flummoxed by the

company's philosophy.

While every other wine merchant in the country now makes a point of giving as much detail as possible about the producers from whom they buy, El Vino goes to great lengths to hide the source of its wines.

David Mitchell himself whipped a telling capsule off the neck of his Montagny 1988 in front of my very eyes lest I be tempted to credit the house of Jaffelin rather than El Vino with this, his best-value white burgundy.

The great majority of his wines carry El Vino's own

label which, printed in various permutations in Beaune, bears about the same relation to graphic design as Derek Jameson does to elocution.

Along the bottom of these labels, in type much smaller than the boast "From the Famous El Vino Cellars" (what they?), are cryptic messages such as "Bottled by PBF at 2120" or "Ets L et Fils, La Chapelle-Pontaveaux" - everything to make it as difficult as possible for a potential purchaser to work out whether a wine is more likely to conform to the style of, say, Pierre Bourée or Loron.

I asked Sir David, who could not have been more helpful or gallant, to explain the thinking behind this secrecy.

"We don't want others to have the benefit of all the effort that goes into our selection," he smiled. What seems obvious to me is that it is precisely those "others", El Vino's competitors, who could work out in a flash what these initials mean, but that the coded labels leave consumers knowing less than, nowadays, they tend to want to.

I could understand it better were El Vino a merchant savvy throughout the British wine trade, or had the firm a discernible house style itself, but on the basis of these wines, the Mitchell Bros' tastes are difficult to place.

Their Fernand-Vergeleses Premier Cru 1983 is a robust, dense offering from the extra-traditional house of Doudet Naudin, sorry MDN, while PBF's Gevrey Chambertin 1982, Clos de la Justice (of which Pierre Bourée is sole owner anyway - so there can be little mystery there) is a prancing, ultra-modern, delicate delight of pure, juicy fruit, ripe for current gobbling.

El Vino, three branches in London EC4 and wine headquarters at 1-3 Hare Place, Fleet Street, EC4 (011-986-4948).

SOME GOOD BUYS FROM EL VINO

Montagny 1988, £9.95. Clean, exuberant fruit with a hint of oak. Perfect dinner party white burgundy.

Meunier Chardonnay 1988 £18.45. Whistle-clean, creamy ripe fruit. Ready. (Actually bought in Mercurey, according to the code number.)

Marquis de Ville 1985, £4.65. Clean, frank, mature AC Bordeaux that is actually a chateau-bottled product from the Entre-Deux-Mers (and, I would have thought, would look much more alluring billed as such.)

Brevilly 1988, Domaine de Levant £2.25. Beaujolais grower Robert Farjat must have put his foot down, or deliberately lost his consignment like a normal wine.

Château de Lamoignon 1987. The "under wine," as El Vino calls it, of which should make just a notch below Pavillon Rouge du Château Margaux at more than twice the price.

Mercurey 1985, £2.50. Very alluring, correct, pure, fruity, red burgundy for drinking now.

Gevrey-Chambertin 1982, Clos de la Justice £17.50. See accompanying text.



Part of the London scene and a seasonal delight: chestnuts

Cookery

Time for an old chestnut

Let the festive run-up begin, says Philippa Davenport

THE ONLY problem about chestnuts is peeling them. It is a labour most cooks dread. The traditional lazy solution is to open a can of ready-shelled whole or pureed chestnuts by Faguer.

I love these decorative tins (their arrival on grocery shelves signals the run-up to Christmas) and the product is very acceptable in puddings, where the presence of ingredients like sugar and cream serve to mask the fact that canned chestnuts lack the meaty richness and crumbly texture of fresh chestnuts.

For savoury dishes dried chestnuts are much better than canned. They are less well flavoured than fresh but, unlike canned, they retain a certain crispness. Also I find them curiously sweet. A small supply of dried chestnuts makes a reassuring store cupboard standby but do not imagine they offer the cook an instant solution. Ready shelled they may be but you need to pour boiling water over them and leave them to soak for several hours before using them.

No such forethought is needed for ready shelled frozen chestnuts. These are a relatively new introduction and a real boon. Look out for them under the Colombe label in enlightened delicatessen and supermarkets. It would be foolish to pretend frozen chestnuts are in the same class as fresh ones but they are the best alternative available to date, and they are a truly convenient food.

Drop as few or as many nuts as you need, still frozen, into milk, stock or water to simmer them. Or, to give them some semblance of roasting, drop them in a pan of boiling water for one to two minutes to thaw, then drain, dry and sauté in butter.

If you want the best, you have to work for it - and I am greedy enough to believe it is worth the effort. There are times when only fresh chestnuts will do. Mark you, peeling chestnuts is a task to be shared, not undertaken solo. Enlist helping hands, if you can, or at least someone to talk to while the chore is done.

The trick about peeling chestnuts is to heat them so that the bitter inner skin that clings to the kernel will peel away with the shell. It is essential to slash the shells with the point of a sharp knife before subjecting them to the heat or you risk an explosion. It is also important to wrap the nuts afterwards in a thick cloth to keep them hot: remove and peel just one at a time.

Traditionally the nuts are heated by dropping them in boiling water or baking them in a hot oven. Modern cooks use the microwave oven and I admit that this unlovely piece of equipment does a good job on chestnuts. Process the slashed nuts in batches of just seven at a time, using the highest power level.

Allow 40 seconds if you want to peel the nuts only, rather longer if you want to cook them right through. My own patent method of peeling chestnuts involves dry-frying them. I use a very old cast-iron frying pan which has crashed to the ground so many times that it is no longer sufficiently flat for sautéing.

I spread a single layer of slashed nuts in the pan, place it over moderate heat and shake it occasionally until the skins begin to blacken and the slashes crack open exposing the ivory kernels within. I ought perhaps to add that a pan used in this way is suitable for no other purpose so do not be tempted to use your best. Also, this method tends to half-cook the nuts, not merely to render them peelable, so recipe cooking times may need to be adjusted accordingly.

If you dry-fry for 15 to 20 minutes (keep the heat low and shake and turn the nuts regularly or you will end up with Alfred's cakes) the chestnuts will cook completely and taste as good as any chestnuts roasted in a perforated pan by the fire.

Allowing for the weight of the shells and an occasional bad nut, I reckon 1 lb chestnuts will yield 10 to 12 oz of flesh.

PHEASANT WITH CHESTNUTS & MUSHROOMS

(serves 6-8)

I think this dish must be the sort of thing John Evelyn had in mind when he described chestnuts as "a luscious and masculine food for rustics". It needs pheasants that are properly hung, chestnuts that are freshly roasted and stock that is home-made.

3 plump pheasants, each jointed into 2 breast and 2 leg portions; 3 celery stalks, sliced; 1 onion, chopped; 2 to 3 dozen roasted and peeled chestnuts; 1½ lb mushrooms, preferably marron mushrooms (also called chestnut mushrooms); the juice of 2 small lemons and the finely grated zest of 1 orange; 1 pt stock; 2 tablespoons brandy; garlic and thyme, unsalted butter and a little cornflour.

Slice the mushrooms thickly and sauté them in the minimum of butter. Remove and reserve. Add another knob of butter to the pan and colour the pheasant all over. Put the leg portions only into a flame-proof casserole (they need longer to cook than the breasts) and reserve the breasts.

Fry the celery and onion briefly in the fat remaining in the pan. Add them to the casserole together with the orange zest, a couple of finely chopped garlic cloves, about 1 teaspoon dried thyme and some salt and pepper. Wash out the frying pan with the brandy, orange juice and stock. Pour the bubbling liquid into the casserole and lay butter paper over the pheasant legs.

Bring to simmering point on top of the stove, cover with the lid, then cook in the oven at 300°F (150°C) gas mark 2 for 1 hour. Turn the legs over and add the breasts to the casserole. Bring to simmering point on top of the stove. Replace the butter paper and lid and return the casserole to the oven for 1 hour.

Lift out the birds. Reduce the gravy by fast boiling or thicken it with no more than 1½ tablespoons cornflour, and season to taste. Stir in the prepared chestnuts and mushrooms and warm them through briefly. Return the pheasants to the casserole and keep hot in a low oven for 20 minutes or until ready to serve.

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COLLECTING

Salerooms feel the chill of winter

The decline in house sales is having a tough effect on the art market. Anthony Thorncroft reports

THE RECESSION is cutting deeply into the art market. This is particularly true at the middle and lower ends and among works which attracted a speculative element during the boom years. Flashy antiques, acquired by interior decorators to furnish smart apartments and country houses, have been hit particularly badly, both in the US and the UK, as the ultimate clients reflect on dwindling bank accounts, but run-of-the-mill antique shops up and down the country are also having a bad time as potential customers batten down the hatches. The sharp decline in the house market has had a bad knock-on effect: there is little home furnishing with antiques to stimulate sales.

Some auction houses are reluctantly accepting the unsold stock of dealers which, being stale, fails to sell at auction, producing high unsold percentages to add to the gloom.

The only objects immune from the depression are works of the highest quality in areas still dominated by connoisseurs - oriental works of art, antiquities, tribal art. For some reason, exceptional jewels still find buyers: Sotheby's recently sold a 222.30 carat diamond for \$5.5m, a record for any gem stone.

One area which is doing reasonably well is furniture, or

rather furniture of quality. A few furniture dealers down the dustier end of London's Fulham Road are shutting up shop, but everyone needs furniture to make homes habitable so, while pictures might be sold off and not replaced, furniture's usefulness ensures a steady market.

It is the last thing to be sold off. In the last 20 years more people, including even the philistine English, have realised that antique furniture is just as attractive as modern repro.

Domestic buying has compensated for the virtual disappearance of the financially straitened Americans. In addition the continental and the Australians have developed a liking for English furniture, and not only the classic mahogany of the 18th century. The trend has progressed towards Regency and later (partly because of the scarcity and price of good Georgian) and this still holds true. Walnut, however, judging by Sotheby's last auction, is out of favour.

The trade was waiting with some trepidation for the major autumn auctions of important English furniture at Sotheby's and Christie's in November. They would deliver a verdict on the health of the top end of the market. In the event they went off quite well.

Estimates had not been increased since the summer sales - indeed in some cases

they had been reduced slightly - but demand was quite good. Both sales were just over 20 per cent unsold, mainly because the well-stocked trade was not bidding so heavily leaving private buyers to pick up relative bargains.

More routine auctions, used by the trade to sell off unsaleable stock and pay their bank debts, have done less well. It might well be worthwhile for buyers to approach an auctioneer after the sale and put in a bid for unsold lots; some sellers will take substantial discounts for ready money.

But Charles Walford, at Sotheby's, could get satisfaction from selling 12 mahogany dining chairs of around 1830 for £15,950, chairs which in the summer had been unsold at £8,000. A Regency brass mounted rosewood library table of around 1810, which had been marked down to an estimate of up to £18,000, did exceedingly well at £23,500. It was just the kind of smart item, of immediate appeal, which is finding a buyer. It is routine stock, furniture priced at between £1,000 and £15,000, the stuff that fills the dealers' windows, that is attracting little interest.

Charles Cator, of Christie's, failed to find a buyer for his top lot, a Chinese export black, gold and nashiji lacquer bureau cabinet, but a pair of Regency tables in the manner of Thomas Hope, exceeded



A Queen Anne bookcase with gilt chinoiserie decoration of the highest standard

expectations at £104,500.

Cator considers the market strong for rare, not over-restored items with a good provenance. For example a mid-18th century wine cooler, being sold by the Stirling family of Scotland, went for £52,800 as against a £15,000 top estimate.

A pair of torchères, from the same source, quadrupled their estimate at £55,000. As at Sotheby's there were pleasant surprises - a George I walnut bureau cabinet bought in dur-

ing the summer for £13,000 sold this time for £22,000. But stale stuff was unsaleable.

Furniture is still relatively cheap and has not attracted the speculative buying that has bedevilled the picture market.

Stuart Whittington, at Norman Adams, a leading London dealer, says the market is marking time. He had his best ever Grosvenor House Fair, selling mainly to overseas buyers, but there is not much good stuff appearing.

The fact that the decorators have led their customers on a dance towards the pretty, if insubstantial, 19th century furniture, has left the classic 18th century items, when they become available, relatively under-priced. For example, early mahogany of 1740-1760 period, once creamed off by the Americans, can now be bought for prices that would not have seemed excessive a decade ago. This really is a good time to buy.

EARLIER IN this century, The Metropolitan Museum of Art in New York was the wealthiest museum in America. If not the world, Philippe de Montebello, its present director, recalls those halcyon days with the observation that "all one needed to get on the board of trustees was a proper suit, good table manners and a pleasant disposition" (he left out "lots of money," but let that pass).

There were no worries about what the Japanese would do, and the Met knew its rivals: usually the Cleveland Museum, the National Galleries of London and Washington, the Louvre and a few German institutions.

If the museum wanted to buy at auction all it had to do was to bid 15 per cent above

estimate to be reasonably certain it would get what it wanted.

As any art world observer knows, those days are gone, and the Metropolitan has witnessed a decline in donations (since the 1986 tax reform acts which substantially reduce the tax benefits of donating art to museums) and in purchasing power, which is small compared with the mighty resources of the Getty and the Kimbell Museums or any number of Japanese businessmen.

Today the Metropolitan has an annual purchase budget of \$2.5m - the average price, noted Montebello, for "only an ordinary Monet," and finds it

increasingly challenging to make worthwhile purchases with such meagre funds.

This dilemma - or more precisely, the ways the Metropolitan was working through it - was explained by Montebello in an entertaining lecture given at the museum entitled "Patterns of Collecting: The Fine Art of Acquisition" - the selling point being that the director would not only disclose some recent purchases and the reasons why they were bought, but how much the museum paid for them, a taboo subject among American museum professionals.

Significantly, most of the items chosen by Montebello to illustrate his lecture - medieval art, Chinese textiles, Tibetan paintings - are not the sort of things that appeal to trendy American collectors who want instantly recognisable images. For this reason, they are generally more affordable and attractive to museums.

Still, nothing gives the budget a boost like a few deceptions - the term used when museums or galleries sell off their treasures - and, a few evenings previously, Montebello had debated the pros and cons of museum deceptions.

The Met faces a challenge

ing with critic Hilton Kramer. Kramer is an opponent of the practice. Montebello argued for a more reasoned and careful approach. Initially displaying, on screen, two pictures, Theodore Gericault's *Evening Landscape with Swimmers* and *Les Nautes* by Eugene Delacroix. Both pictures were desperately

Paul Jeromack on how a great museum is fighting its rivals

needed to strengthen the museum's weak collection of French Romantic painting, and both were purchased at public auction in New York last year for \$2.2m and \$5m respectively.

The purchase was funded by the sale of four mediocre impressionists, including a pair of exorbitating Renoirs. While I have personal reservations about the Met deceptions, I have no qualms about them jettisoning a markedly poor picture (and especially a bad Renoir) for what is certain to be an outrageous and unwarranted sum to purchase something that fills a

major gap.

While anybody can spend millions to buy a masterpiece, Montebello realises that his museum's most valuable assets are its curators and the knowledge they possess. This is a change from the attitude of Thomas Hoving, the Met's previous director, who took personal credit for every important acquisition.

Montebello credits James David Draper, sculpture curator, with the discovery and purchase of an important and beautiful 18th century life size terracotta bust of a *Sleeping Boy* by Philippe-Laurent Roland (1748-1816), a pupil of Pajou. It appeared at a Christie's sale in Monaco on June 16, where it was catalogued as "French School, 18th century" and illustrated in colour.

Roland is an artist of some rarity, and a bronze version of the figure in the Lille Museum is considered one of his masterpieces, so it was reasonable for Draper to believe that he would not be the only person to take notice, and that the Metropolitan would have to fight for it.

He had approved a bid "in the low six figures" for the bust but, miraculously, the Met's first bid was the only one

in the room, and the museum secured it for only \$7,000.

In a similar fashion, William Wisnom, the Medieval art curator, acquired a 13th century French carved bust of an angel at a Sotheby's sale for its low estimate of \$8,000, but was also armed with a six-figure bid.

Some of the other purchases, mentioned by Montebello with pride, notably a group of good but not exceptional - drawings by the prolific 19th century French artist Isidor Pils (bought for \$35,000) are less rare.

It is not often that an American Museum director will express a definite opinion on what he or she likes or hates, since to court the diffuse tastes of potential donors one must outwardly like everything, but one now knows how Montebello feels. While he has dutifully supported the museum's Lila Acheson Wallace's wing of modern and contemporary art, (which, since it opened in 1987, has proved an unqualified disaster with both critics and public) Montebello's heart just is not in it. He is more at home with more representational and traditional works, which are generally less expensive and a better bargain than modern or contemporary paintings. It is significant that none were shown by Montebello as figuring among the Metropolitan's cleverest purchases.

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COLLECTING

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"Phalax", by Mel Bochner at Sonnabend

THE HANDMADE black posters pasted to the sidewalk boarding advertise ART-FUX in silver letters. Then follows the legend: "Marcel Duchamp said the only way to be really anti-art is to be indifferent. ART-FUX says art that is indifferent is the real anti-art." As this is New York's SoHo, the splash of posters may also be art who knows?

SoHo - the acronym stands for South of Houston - is a late 19th century warehouse area towards the southern tip of Manhattan. It retains just the right degree of seediness to make it bohemian and behind the amazing columned facades of the cast-iron buildings are the "lofts" which artists discovered and adapted as residence-studios in the 1960s. They were soon followed by art dealers and the rest is history: SoHo became the centre of contemporary art in the world.

The area - at least the part which matters - is compact: just three blocks by four, bordered on the north side by Houston Street and on the south by Broome, and crossing from West Broadway through Wooster, Greene and Mercer Streets to Broadway on the east. Within this 10-minute walk there are well over 100 galleries, all of them selling contemporary art. For any visitor to New York, a tour of SoHo is as essential as a visit to the Museum of Modern Art and is certainly as stimulating.

SoHo retains just the right degree of seediness to make it bohemian

Unless one has a taste for being intimidated, one should leave the really famous galleries - Leo Castelli, Sonnabend, Mary Boone - to the end of one's tour. Better to start with some place like Striotti on Broome Street, where an exhibition of work by sculptor Gary Mirabelle continues to the end of the year.

"contingency mesostic" by John Cage, and a performance sculpture by Jack Barth. This is a form of what Americans call "happenings", it is "happenings and crosses" to anyone else.

At Sonnabend (494 Broome Street), which represents several European artists, the current exhibition is of French artist, Robert Rauschenberg - "paintings and drawings for a communal meditative tent for world peace"; but this will make way for a group show of Gallery artists in early December.

The Carolyn Hill Gallery (109 Spring Street) specializes in representational art and has a small stable of artists from all over the world: a group show with works by several of these, including Joseph Sheppard and Peter Cox, continues until the end of the year.

At nearby Anita Shapolsky (99 Spring Street) "Wood - the Eternal Medium" is an exhibition of works related to wood and wood products: invitations to the December opening are printed on a brown paper bag.

At Jay Gorney (100 Greene Street) the end-of-year show is paintings and sculptures by German artist, Justus Lieke, while across the road at Barbara Gladstone (99 Greene Street) there will be Gallery artists including works by British sculptor, Anish Kapoor, and British photographer, Craigie Horsfield.

The long-established Max Protetch (580 Broadway), which specializes in works by architects, will also have several artists on view, opening on December 6. It represents architects Michael Graves, Peter Eisenman, Aldo Rossi, and Lauretta Vinciguerra among others.

In the same building, the Jack Shainman Gallery, which is noted for introducing the work of European artists to the New York public, will be displaying in its elegant "space" recent work by the Belgian conceptual artist, Guillaume Briet until Christmas.

At John Weber (143 Greene Street) there are paintings - large explosions of vibrant colour - by Jack Goldstein. David McDermott and Peter McCough are a sort of American Gilbert and George, but with an added dash of surrealism.

Their latest works "The Biggest, Brightest, Best Pictures in the World" are at Spyrone Westwater (142 Greene Street) and are delightfully witty. In part Norman Rockwell in part Pop Art (and much else besides), the artists' pictures present a topsy-turvy



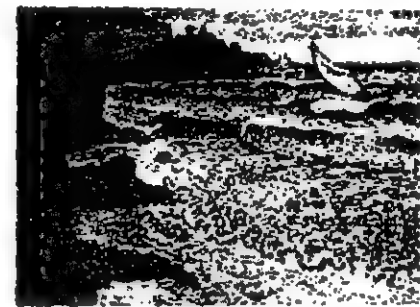
"The Anachronistic Conversion of a Modern Man", by McDermott and McCough

view of life that is both innocent and sinister.

At Mary Boone (417 W Broadway) will be paintings by the German-American Eric Fischl until 22nd December. His works in neo-Expressionist style with an emphasis on the figure and these recent paintings are inspired by travel in India.

Leaving that exhibition one may look across to the Valhalla of SoHo: 430 W Broadway. In a building that has been brutalized by grey stone cladding, its cast-iron columns on the ground floor painted black, and its address "430", dangled on a huge black box on the roof, is the Leo Castelli Gallery and also Sonnabend.

Perhaps more than anyone else, it was Leo Castelli who made modern art hip in New York and a list of his artists is long: Warhol, Twombly, Stella, Serra, Ruscha, Hanschenberg, Oldenburg, Lieke, Johns and a host of others besides. His December show is "Drawings, and Models by Claes Oldenburg." Step this way!



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TRAVEL

The cup that cheers in the life of the Douro

Patrick Blum visits a land of hard work and a harsh climate

ABOUT 120 kilometres east of the northern Portuguese city of Oporto begins the Pais Vinhateiro - literally, the wine country. Cut roughly through its middle by the river Douro, which forms a long sinuous valley flanked by hills and receding mountains, it is a region of remarkable natural beauty enhanced, rather than spoiled, by the hard work of men and women over centuries.

The people of the Douro have had to fight for subsistence against a harsh climate in which bitterly cold winters succeed torrid summers. Over the years, they have shaped the land and given it a unique character.

The scenery is stunning, progressing from the mild green hills of the lower Douro to the wilder and parched mountains that rise further up the river towards Spain. In the region's gentler western part, the hills are covered with vines grown along rows of terraces propped-up by old stone walls.

Small isolated farms and villages dot the sides of the hills. Larger and wealthier quintas, the traditional farming estates, bustle with activity which reaches its climax when the grape harvest is brought in. September is harvest-time in the Douro, and it is an exhilarating time to be there.

While navigating up the river from Oporto or driving along the roads that skirt the river banks and hills, the names

- Crofts, Sandeman, Taylors, Casa do Douro, among many others - boldly written on the side of farmhouses, remind one that if the shipping and marketing of port has its centre in Oporto, this is where it all begins for Portugal's most famous export.

Conditions nowadays are not as harsh as formerly. The weather is said to be milder as a result of climatic changes caused by the damming of the river, though torrential winter rains can still cause flooding and summer temperatures can reach 40°C. Life for the region's thousands of small farmers is not as precarious as it used to be. Better housing and health services, more schools and labour legislation have raised standards of living.

Communications have been improved with new road and rail links, plus an airport at Vila Real, helping to end the region's former isolation. Navigation on the river is easier now that its flow is controlled by dams which also provide electricity. The river bed has widened and the former rapids that made navigation slow and dangerous are a distant memory.

Time permitting, it is well worth making the trip up the river on one of the boats that provide a regular service between Oporto and Regua, the seat of the Casa do Douro which officiates over the region's wine industry. The trip will take at least six hours.

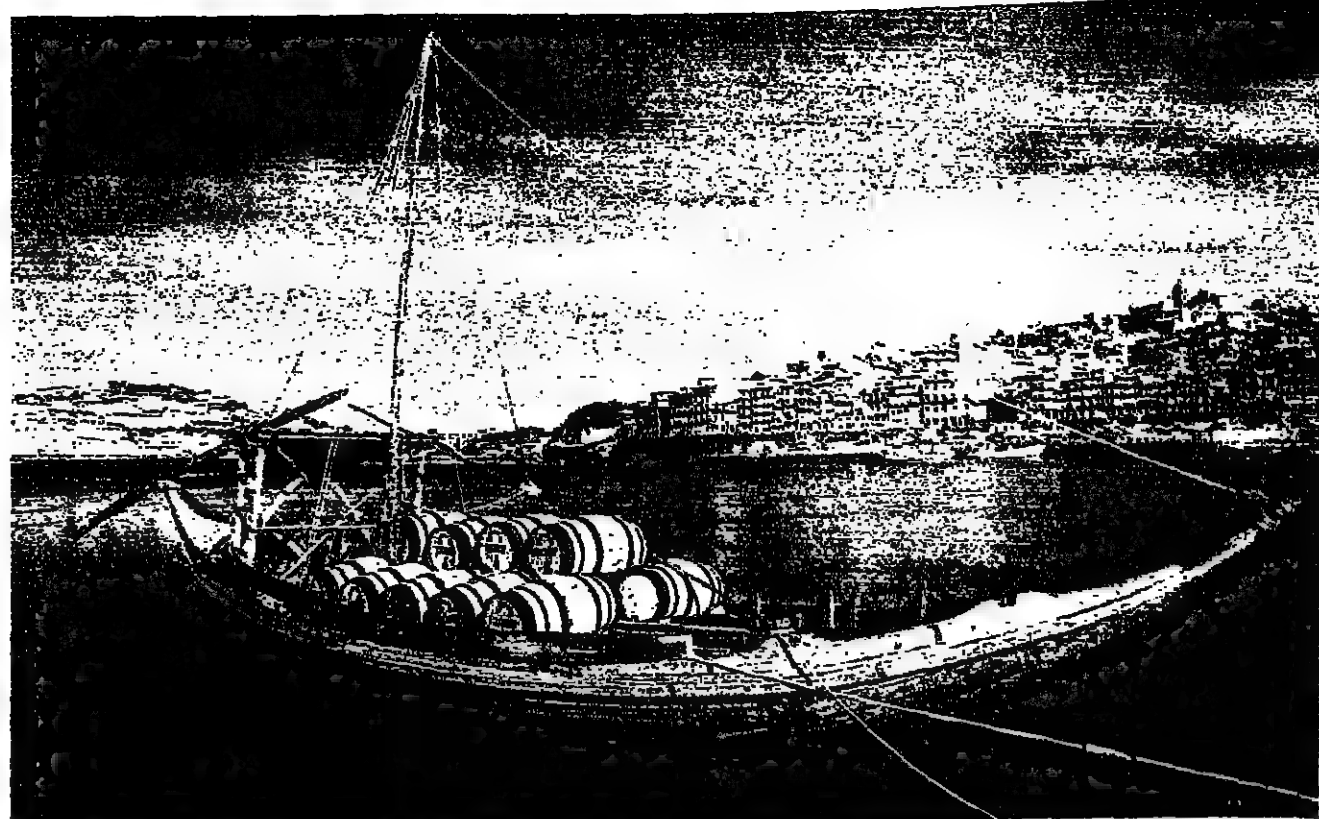
Changes have made life easier, but they have not detracted from the region's

beauty, nor weakened the local people's pride in their land. Traditions remain strong. Outside encroachments are still resisted passionately, prompting Monstgnor Dom Antonio Cardoso da Cunha, the popular Bishop of Vila Real, to appeal for more acceptance of progress during a recent mass celebrating the harvest.

The Douro has become more prosperous, with wine dominating all other activities and port the star produce. On it depends the livelihood of 30,000 farmers, of countless farm labourers, craftsmen, shopkeepers, small businesses, and of the families which for generations have nurtured and sold port throughout the world.

The growing popularity of port has made it an international business with exports worth £130m last year. It has created a tight community bound together by shared interest, though it is not free of tensions. A bad harvest or falling prices could ruin many small farmers, and it was to assist and protect them, as well as to regulate the market, that the Casa do Douro was established in 1932. Ironically, the Casa do Douro finds itself the cause of a conflict - involving plans by the Casa do Douro to buy a stake in the largest port company - with unpredictable consequences for the industry's future.

The issue cast a shadow over this year's first-ever festival organised by all the main port wine associations to celebrate the harvest. The two-day event in mid-Sep-



Along the banks of the Douro, and on the river itself, are the signs of Portugal's most famous export

tember included banquets punctuated by speeches, parades, fireworks, a church service and the ceremonial blessing of freshly-pressed must by the local bishop. Although the dispute was not referred to directly in the speeches, it hovered over the dinner tables.

However, perhaps the opportunity for

all to discuss the subject more freely will have helped ease some of the tensions. The outcome of the dispute is important for the whole region. Wine will remain predominant in the life of the Douro for many years to come. Access remains difficult in some parts, and populations are too dispersed to attract many other industries.

Mass tourism bypasses much of the Douro, and it is difficult to see how it could be accommodated - there are few hotels - even if it was desirable. For the time being, a visit can be a rewarding experience. The people are hospitable, and if you are lucky you may be invited to stay in one of the beautiful quintas.

Heli-skiing for the masses

"WE GROW it," the helicopter pilot answered laconically when I asked him how he could still find powder snow for the customers two weeks after the latest fresh fall.

Whether they grew it or manufactured it did not much matter to me at that point. It had been a wonderful day, plunging through the woods and gullies of British Columbia's Purcell Mountains only to be lifted up again and again in the helicopter for more of the same.

To be honest, the snow was not excellent that day, but then the helicopter operator in Banff had made it clear the previous night that it would not be. It was still surprisingly good and, having been skiing in the Canadian Rockies for a week without experiencing powder snow, I was grateful for anything other than the standard groomed pistes of the big resorts.

I had not planned to go heli-skiing. Indeed, I thought it was out of the question, something you would have to book months in advance, committing yourself to a week long expedition with the best part of a year's salary.

In fact, while some highly exotic expeditions undoubtedly still exist, heli-skiing has come to the masses. At Banff, you can book at short notice for a day's outing, and the company I used guarantees 3,000 vertical metres of skiing in groups of 10 or 11 for C\$285, guide and lunch included.

Like most things for the masses, it was not, I would have to admit, an unalloyed joy. Ideally, one imagines a helicopter dropping you off at the top of a mountain in mid-morning, and leaving you to spend the rest of the day descending through heavenly powder in utter tranquility. Helicopters are violent beasts, moving about in implausible bursts and jolts, generating tremendous noise and, when you are near them on land, gale force winds. So if, for one, would prefer to spend as little time as possible in or near them.

Unfortunately, on the day package I took, the runs were quite short and the helicopter seemed always to be clattering about picking up groups of skiers. I was assured that on a good day, it would be more like the ideal, but after two weeks without fresh snow, the operators had to scrounge for powder. While of course they do not really grow it, the helicopter pilot explained that they do carry out a form of snow management. With experience, they have come to know on which slopes the snow retains its softness the longest. Those areas are then kept out of use and stored, so to speak, in case there is a long gap before the next snowfall.

In all, the heli-skiing was an exhilarating conclusion to a wonderful 10 days of skiing in the Banff area of the Western Canadian Rockies and, in similar circumstances, I would do it again. On most occasions though, skiers should be able to get all the pleasure and challenge they want at the area resorts themselves. Sunshine, Lake Louise, Kananaskis, Fortress, Panorama, all offer a wide variety of pistes, and Mount Norquay is still there on the outskirts of Banff town, with its impossibly steep and moguled runs, for those who want more.

My favourite is Sunshine, a cozy, live-in resort 13 miles west of Banff nestled in an alpine valley at the tree line.

7,100 feet above sea level. Access is by gondola only from a parking lot 2,000 feet below; no cars make their way up, so day trippers are relatively few. Lifts fan out on three sides to take skiers up the broad mountain faces. The longest goes to the top of Brewster Rock at just under 9,000 ft from where the panoramic view over the Rockies is spectacular.

Sunshine opened in 1934, which makes it pretty old by Canadian standards. When I first went in 1955, the staff drove us up the mountains in more-or-less reliable Bombardier snowmobiles and then went back to make our beds and our meals. The atmosphere is still very relaxed.

Sunshine's main sales point now, as then, is its learn-to-ski week. For a fixed fee, you get a room, all meals, a five-day lift pass and a 90-minute lesson every morning. Alas, times change, 38 years ago the lessons ran for three hours, but they are still good - in groups of up to eight students separated by six levels of competence.

For advanced skiers, five days is probably enough for Sunshine. But if you still have some time, there is lots more to do in the area, using Banff

Ian Rodger finds the slopes to his liking in the Canadian Rockies

as a base. The town has plenty of ski-oriented lodging, such as the luxurious but slightly inconvenient Banff Springs Hotel or the more relaxed old favourite in the centre of town, the Mount Royal, and a few attractions of its own, such as a sulphur spa and a thriving fine art community.

The Lake Louise area 36 miles west of Banff offers has become a major ski centre, albeit a factory-like environment just off the main highway. As the brochure says, it is the largest ski area in Canada, with 44 named pistes on 11 square miles of skiable terrain.

Further down the road just inside the British Columbia border is Panorama, a new resort where the heli-ski operation is based and which claims the piste with the longest vertical drop in Canada, 3,800 feet.

Anyone considering a skiing adventure in the Canadian Rockies will probably worry about the weather. And it is true that in January and February the temperature can drop to very uncomfortable levels. But from late February, it gets above freezing most days even in the high altitude resorts such as Sunshine.

If it is too cold, it is always possible to drive 50 miles out from Banff towards the foothills where two large scale, low altitude resorts, Kananaskis and Fortress, have been built in recent years.

■ Information: Heli-Ski, Panorama, Invermere, BC, V0A 1K0. Tel (604) 342-6494. Sunshine Village, Banff, Alberta, Tel (403) 762-6560. Skiing Louise Ltd., Suite 408, 1550 8th Street SW, Calgary, Alberta T2R 1K1. Tel (403) 256-8473. Panorama, Box 7000, Invermere, B.C., V0A 1K0. Tel (604) 342-6941. Banff Springs Hotel, Banff, Alberta, Tel (403) 762-2211. Mount Royal Hotel, Banff, Alberta, Tel (403) 762-3331.



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Stolen moments at Cezanne's housing estate

THE Impressionist painter Paul Cezanne would turn in his grave if he knew that his shaded Provencal villa had become part of a local sting to rob unsuspecting tourists.

The scam is simple: visiting art lovers arrive by car; it is illegal to park outside the Cezanne villa, so they find the closest spot, 30 metres away, which happens to be in the roughest housing estate in Aix-en-Provence. While the tourists are admiring the painter's studio, members of the local Fagin's Kitchen break into the cars and take everything they can find.

When the tourists return an hour later, full of the joys of Impressionism, the thieves have vanished into the housing estate. As one victim said to me: "After that experience I can never look at another Cezanne again without clenching my fists."

It is all so simple that when it happened to us we could only smack ourselves for being so naive as to park where we did — but hindsight is a wonderful thing. And it was only when we trotted shamefaced to the main police station in Aix and discovered that we were the third complainants in a row to register exactly the same type of theft in exactly the same place, that we

knew this was a local epidemic.

It took just 20 minutes for our holiday to be transformed from an effortless bowl through France without a care in the world to a scramble of telephone calls cancelling stolen cheque cards and passports.

We had arrived by car in Aix-en-Provence determined first to see Cezanne's studio. It was late afternoon and we found it outside the city centre, halfway up a hill on a suburban road. The painter's house, unlike Monet's in Normandy, is distinguished by its anonymity, only a wooden door into a wall with a faded hand-painted sign signalling the entranceway to Cezanne's home and garden.

Because it is a busy no-parking road it is impossible to stop outside the house, so we took the first turning on the right which leads into a 1960s housing estate of featureless apartment blocks. Our instincts told us that this was obviously a poor area, and in the south of France — where the wealth divide is so marked — poor often means street crime. In fact, we

even commented on the estate, noting that Cezanne would be depressed could he see what the 20th century had built round his old home.

One factor that dulled our senses was the estate's emptiness. A few shady characters hanging around would have persuaded us to beat a retreat, but there was not a soul to be seen. Nor, indeed, was there a soul to be seen when we returned 30 minutes later to find the back quarter-light window of the car shattered and all our bags taken.

Nothing stirred, not even a dog or a cat. We looked up at the block of flats and imagined our thieves looking down in mirth, but there was not a sign of movement at any window.

A quick inventory showed that the thieves had got away with one camera, one British passport, £200 in cash, a Eurochequebook but no card, baggage, including clothes, and my wallet with sundry membership cards, UK cheque book and spare spectacles. But we both had all our

credit cards and I had my camera and passport. Unless they were highly skilled at laundering underpants and jeans on the black market, the thieves had little to show apart from the camera and cash.

Though we had nothing but our clothes to stand up in, not even a toothbrush credit cards — to carry on the holiday, and we still had the car. That gave us such a temporary boost after our first rush of anger that we were almost cackling with laughter by the time we found the *gendarmerie* in the city centre.

We felt determined that though our unknown assailants had robbed us almost naked, we should still enjoy the rest of our holiday and France in spite of them. But we soon had to face sobering reality when registering at the *gendarmerie*. Limping in, we asked if we could park in front of the police station where at least the car would be safe. When I explained to the knot of police chatting outside the station that we had been robbed, they simply asked: "Where?"

I told them it had happened on the estate on the Rue Raymond Poincaré by the Cezanne studio. They looked at me as if I were a new-born babe, and wearily beckoned me to a spot where we had to move a no-parking cone. "Third floor," added one. The third floor was the attic of the police station.

A police admin lady looked at us and said in English: "Two minutes." Amazingly, after two minutes she beckoned us into the large attic room, offering two chairs at a desk dominated by a huge Olympia typewriter, the like of which I had last seen as a young reporter in 1981. She began to type one-handed, a letter at a time, peering at us with each word as we described our losses in broken French.

Two girls were just leaving. They turned out to be Americans. Their car had been broken into in the same spot. They said a German had registered exactly the same type of robbery in precisely the same area before them. The girls' confidence in *la belle France* had been shattered by their experience, even though

they had lost less than us. They had been planning to visit nearby Avignon but when we said it was bigger than Aix they looked nervous.

On the way out we saw an elderly pair of English ladies waiting in the lobby to give their statement, one of whom was so shaken she could not even remember what had happened. It was her friend who said they had been sitting in their car in the centre of Aix outside their hotel when a thief had reached in through the open window and matched the handbag off her friend's lap.

A kindly young French passer-by had helped them to the police station. He was still hovering around, fired with injustice. We offered what help we could before leaving. The old lady had lost her glasses in the bag; in itself that was enough to ruin her holiday.

We never did see the inside of Cezanne's studio. We saw his garden, so overgrown with trees and creepers that it seemed it had not been touched since he died. A sign on the front door said in French: "Closed due to technical reasons." Next time we visit the place it will be on foot.

Michael Burton



Bringing home the buffalo: Bonasesse at rest after a successful kill

Glyn Genn

Michael J. Woods

Lion country: a private safari with friends

THE YOUNG lion, its mane a barely perceptible lengthening of the fur around its neck, had been staring at me with yellow-eyed concentration for some minutes. I was sitting in the back of an open safari vehicle and began to feel distinctly vulnerable as he rose slowly around his feet, stepped carefully around the other members of the pride and began to pace purposefully towards us.

Realising what was happening, the driver moved away from the pride and described a wide half-circle through the long grass. At first the lion continued his pursuit but then, much to my relief, turned back, to be affectionately greeted by his fellows.

Savuti Marsh in northern Botswana is well known for its lions and we had found our first pride, a large group of two lions and a mixture of 16 lionesses and adolescent cubs. They were loling contentedly in the grass when we arrived towards the end of the afternoon.

almost at the point where Botswana meets Namibia, Zambia and Zimbabwe. Here we were met by Gurt, our guide and driver for the week's mobile safari.

We stayed overnight at Chobe game lodge, a comfortable and comparatively modern lodge perched incongruously in a beautiful setting on the banks of the Chobe river inside the national park. The river frontage here is noted for its large numbers of unusually placid breeding herds of elephants, mothers and calves, who slowly move down from the escarpment during the morning to frolic in the river in the afternoon, browsing back to the escarpment as evening approaches.

We watched as their great grey bodies slipped almost

but lacked the independence I sought. I fancied the idea of a journey with a few like-minded friends rather than an unknown group and so we took the significantly more expensive but comfortable option of a fully organised but personally tailored mobile safari.

Our guide had a wide knowledge of African wildlife, especially the birds, and knew the places to look for game; it was he who found the lions. He was also a skilled driver, being able to position the vehicle perfectly to give us good views without distracting the animals. We stopped at will, perhaps for a couple of hours at a water hole where bull elephants came in groups, not only to drink but to kick soil into pools of water, creating a mud mixture of the correct consistency to lose over their wrinkled grey hides.

Unfortunately, the excellent game viewing and bird watching were in complete contrast to the organisation of the camp. Sadly, the trip was marred by poor quality or absent equipment and indifferent food. We camped on public sites in the national park. The water at most of these is clean and fresh. Unfortunately, though, the basic shower and toilet facilities tend to be poorly maintained and cleaned.

Now that the entrance fees to the parks have been increased to £10 per person per day, we should see some improvements. In any case, however uncomfortable the living conditions, they cannot erase the magic of Africa, or of the world's only superlative. Call Curnard on 071-491 1930, or write to Curnard at 30A Paul Hill, London SW11 2LS or see your travel agent.

Michael Woods travelled to Botswana with *Brash Airways Speedbird* (tel: 0293 611611). His ground arrangements were handled by *Bonanzemore* (PO Box 201, Maun, Botswana). Among other operators, *Africa Calls* (Private Bag 83, Maun, Botswana) runs custom-designed special interest safaris for two to eight people, while *The Art of Travel* (268 Leander Hill, London SW11 1LJ) specialises in tailor-made holidays, particularly in southern Africa.

Michael J. Woods sees Botswana's glories the bump and grind way

soundlessly between the trees and shrubs as their wandering trunks sought food to make up the great amount of vegetation they consume every day. Young animals sparred playfully with one another while very small calves tried with comic desperation to gain control of the 40,000 or so muscles which are said to make up their trunks.

The next morning we started on our safari proper, making for Savuti as our first stop. In Botswana's hot dry climate the wildlife tends to congregate around sources of water, and our route was designed to take in some of these. The drives between camps were each about four hours long, but it was four hours of slow bumpy going, grinding along in four-wheel drive through deep sand and around severe pot-holes.

For this reason, most tour operators fly their clients from fixed lodge to fixed lodge, running game drives at each. Personally, however, I wanted to experience the sense of distance of a traditional safari, which a quick air hop can never provide, while enjoying interesting wildlife along the way.

The option of a standard mobile safari held some appeal

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PROPERTY

Ski chalets:
first pick
your plot

Audrey Powell hits the slopes

WHEN IS the best time to look for a ski resort property? The British go hunting from September right into the spring - the first signs of autumn make them think of skiing - whereas the French like to use their August vacation for the search.

This is the experience of Beaches International Property in Stourbridge, West Midlands (tel: 0562-885181), which has a number of choices in the French resorts in the Portes du Soleil area on the Swiss border. "This is the largest area of linked ski resorts in the world, with more than 700 km of prepared pistes and 200 lifts connecting eight resorts," it says.

The agency offers property in new developments and resales, or it will build to your own requirements. The chalets, most of traditional Alpine design, are usually bought separately from the plot. The chalets are normally on three levels, the lower ground floor comprising garaging and store, the ground floor providing living room and balcony, kitchen, bathroom and one bedroom, while the upper floor has further bedrooms and storage areas in the roof.

The chalets are spacious (which many ski apartments are not) and basic types can be modified to suit clients, says Beaches. A popular alteration is to convert the storage area on the lower level to extra living accommodation.

You should think in terms of £30,000 to £50,000 plus for a plot. Sometimes bringing in mains services will be included, or there may be an addition of up to £5,000 for this. Then there is the property itself. An average two bedroom weekend viewing, including return flight from Heathrow, Gatwick or Manchester airports to Geneva (whence clients are driven to the Portes du Soleil area), accommodation and dining arrangements, costs £150.

A property can be as luxurious as you like, with lifts, pools and unusual wall decora-

tion. The agency can introduce clients to a young French architect who designs them they may find interesting.

Some have included office accommodation, for the buyer who can never wholly forget work; others have incorporated stabling below the building. Such properties could range in total from £150,000 to £250,000.

For those prepared to go along with a builder's designs, there are currently opportunities to buy through several companies. At Les Gets, six kilometres from Morzine and one of the oldest resorts in the Portes du Soleil area, there is a site comprising 20 plots on which chalets in a choice of four basic designs can be built up to a total of £150,000. At the small winter resort of Barmes, close to Evian-les-Bains and with views of Lake Geneva from the ski slopes, individual plots are available with a range of chalet types.

Some local companies can offer excellent designs which they would build; however, they do not have land available and it is up to the client to find this. So the agency keeps a register of available plots, which may vary from six to 20. Some may be in village centres, others may be farm land. Sizes go from about 800 sq metres to 1,500 sq metres.

With a site chosen, allow two months to get permission to build and perhaps four for the actual work. This depends on the time of year - for example, foundation work would have to stop during January and February, but if the roof was on interior work could continue.

The agency can arrange inspection visits through its travel service. A two-day weekend viewing, including return flight from Heathrow, Gatwick or Manchester airports to Geneva (whence clients are driven to the Portes du Soleil area), accommodation and dining arrangements, costs £150.

THIS IS the time of year when estate agents in Britain look back over the past 12 months and make wise pronouncements about the future - forecasts often conveniently forgotten when the exercise is repeated a year later.

The practice seems to be spreading to the international field. Chartered surveyor Charles Mackintosh, who left the UK in the late 1980s to open an office selling properties on the Côte d'Azur, has chosen this time to review the market in this part of France. (To forestall any misunderstanding, the Côte d'Azur or the French Riviera, he points out, now extends from the Italian border as far west as St Tropez, with inland development limited by the pre-Alps).

The property market on the Côte d'Azur has undergone a dramatic upturn in fortunes over the past two years, Mackintosh notes.

During the middle of the last decade prices were static and all but the best properties were almost impossible to sell. This was difficult to reconcile with booming European economies and high demand for properties elsewhere around the Mediterranean. "In the UK, magazines were full of developments in southern Spain, the Balearics and the Algarve, but very little or nothing was featured from France."

But this is no longer so. Since spring 1988 there has

Sunnier Côte d'Azur

Audrey Powell sees new life in a sluggish market



La Radiance, at Cap Ferrat, Côte d'Azur, was built in 1986 by Leopold II, King of the Belgians. It costs FF15m through Sotheby's International Realty

been a great wave of interest in the French Riviera - not just from the UK but also from Scandinavia, Holland, Germany, North America, the Far East and Australia.

This demand has obviously had an effect on prices, with the greatest effect at the top of the market. But the price of a middle-range villa has also risen by around 30 per cent in

the 18 months to January 1990. There has been little movement in the price of an apartment selling for under FF10m but some priced at over FF10m have seen spectacular

increases. "All the market indicators point to a continuation of the boom well into the next century," he says.

On the subject of the Channel tunnel, Mackintosh believes that the benefit for south-east France would be "marginal". More important to the area would be the continued improvements to air links and to extensions to the TGV rail and automobile networks.

Indeed, he says: "The region's attractions and its communications links are bringing some of my UK business clients down here full-time. I am surprised at the number of them who are buying property with a view to spending most of their time here, working via fax and telephone, and travelling to London for meetings as required."

Currently there is a wide choice of apartments in and around Cannes. Prices in the best locations are high - an apartment on the Croisette costs well over FF10m. Some of the most exclusive apartments are on the slopes just behind the town, while at Super Cannes, a little further behind, are some of the most luxurious villas on the Riviera.

In the country inland from Cannes, known as the "golden triangle", prices are lower but are beginning to rise. For a three to four bedroom villa in its own grounds, with swimming pool, one should think in terms of FF15m.

The lagoon is full

square and caf  s and shops linked by canals to the main shopping centre.

In the early days, to prevent the area adjacent to the site being unsuitably developed, Spoerry had bought all the surrounding land and so he has been able to extend his "lagoon city" from 87 to 177 acres. But the properties now under construction are the last that will be built there, we are told. When the final 20 or so houses and apartments are completed, making a total of 2,500, with 2,000 moorings, private and public, this really will be the end of the story.

Among properties available are apartments: studios to three bedrooms, with moorings, from £43,000 to £136,000; and one-bedroom apartments with moorings, from £150,000. Houses: two to four bedrooms, with moorings, from £240,000 to £350,000. There are also resales, which fetch about the same price as new properties. They are mostly in the old part, which some people prefer.

There may be more developments nearby, on land to which Spoerry has an involvement, but they will not be part of Port Grimaud.

In spite of the numbers who visit Port Grimaud, comparatively few people will have been inside the houses. The public are discouraged from straying into the residential part. But it is interesting to note how the properties have changed in style.

There are two generations of Port Grimaud. The first is small with low walls, like the buildings in Provence. The second generation buildings are larger, some have terraces and ornamental columns.

And as for the interiors... What started as simple "habitat 67" style "cubicles", where you could look from the front door through the stone-flagged living area to the little garden and canal beyond, have been followed by sophisticated houses, sometimes with swimming pools, which top the £1m level.

One house has an open central courtyard with pillars and full-height arched windows looking into the surrounding trees. There is a wall-fountain and a palm tree growing in the corner. The courtyard makes an outside area for meals.

Another house has high rooms with

beamed bedroom ceilings; in another property the staircase curves along the wall. One has an outdoor swimming pool that continues under a plate glass window into the sitting room, where it becomes an ornamental indoor pool.

One property has a traditional dining room and kitchen but also a second version where walls are cut away, so that in summer meals are cooked and eaten virtually in the open - but in a formal, not plain, style.

Spoerry now 78, keeps a home at Port Grimaud, as do members of his family - their houses tend to have carved doors brought back from Zanzibar.

With Port Grimaud in its final stage he will be able to give more time to the 45 other projects in which he is involved - in Mexico, Japan, Turkey, Spain.

But how does he feel about drawing a line under the project which more than anything, has made his name?

"It is the end of a chapter," he says. "A marvellously interesting chapter, in my life as an architect."

For information: Port Grimaud Properties, in the UK, telephone: 0843-572001, or their representative in Port Grimaud, telephone: 94 49 58 34.

Suspension
'fails to
affect Pont
Royal'

ALTHOUGH London & Metropolitan, which has an 80 per cent stake in the Pont Royal Country Club project between Arvion and Aix-en-Provence, has had its shares suspended on the Stock Exchange since October 9, at its request, this has had little effect on the public's interest in this French development, says David Lewis, L & M chief executive.

He expects the suspension to last probably to the end of the year, while the company arranges refinancing. L & M was part of a shell company formed to develop London's County Hall. But this company went into receivership in October, facing losses of up to £25m, after failing to complete the £185m purchase. L & M was said to have lost £6.5m.

However, Pont Royal, on which work began earlier this year, has not suffered, says Lewis. Indeed, it was "going like a train."

London & Metropolitan is developing the 450-acre leisure estate as a joint venture with Resort Group. A start was made this month on the first of three hilltop villages, five holes of the first of the two golf courses have been seeded and a cluster of show properties is open. The whole scheme has a five year programme.

Initial advertising has brought 1,700 enquiries, from Germany, France and the UK, and the company has made about 500 sales.

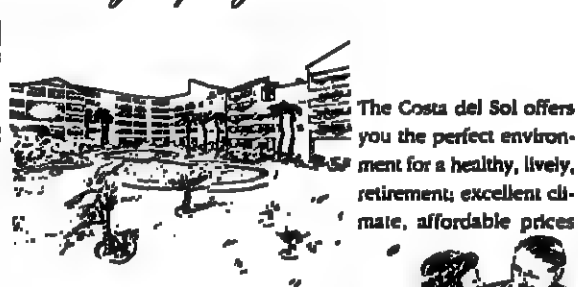
The company has been taking reservations since May and while a few people have dropped out for personal reasons, this was normal. The effect of the Gulf crisis and the share price problems has been surprisingly small, says Roger Walton, L & M director.

The marketing department points out that under French law all deposits on property under construction have to be held in an escrow account by a bank - in this case Security Pacific, in Paris - and any person who wished to have their money returned could do so. "But the majority of our clients are more interested in the thing being completed."

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REV

GARDENING

Tibetan mystery yields a star in a cold climate

PERHAPS YOU have just started gardening or have embarked on a new garden; perhaps you are stuck with a bit of ground in a city, maybe a compromise somewhere in London; perhaps you are outside Britain, wondering what to plant to survive you of those charming days when the fog came down at 2pm and everything dripped with the previous day's rain.

It is no use planting the thing which made me love gardening, a salmon-pink geranium which grew from a discarded cutting: it would be no good in December (the passion struck me in springtime). What about a viburnum instead?

Viburnums have romance in their past, but they are also unmistakable at this moment. After two hot summers they are flowering wildly. The ones for late-starting gardeners are these winter-flowering forms which are now covered in heads of pink-white flowers.

Their upright bushes, about seven feet high, have lost their leaves but they look as if they have mistimed the summer. They are in full bloom, just when everything else has packed up. The heads of flower can be picked up their short twigs and brought indoors where they give off sweet, peppery scent.

The romance in their past lies in their wild origins. For gardeners in the west, it traces back to April 16 1914, when the viburnum was run to ground by plant-hunters' great romance, Reginald Farrer.

Farrer described the moment in the book with one of his favourite titles: *On the Edge of the World*. He was travelling a lonely road from the Imperial capital of Kansu province to the "worst-famed town in China, a hot bed of crime and rebellion from time immemorial."

doubt if any gardeners have travelled it since, but after a week's slow walk from his starting-point, the pale green leaves of the young willows were brightened by clouds of blossom on wild plums and apricots down the dark, steepening ravines.

He then struck one of those odd twists of nature suddenly, on the edge of Tibet, the valley turned to viburnums in pink and white whose "blushing stars glistened as if built of crystal." A horticultural mystery had been solved. Viburnums of this type were common in gardens all

Robin Lane Fox goes back to the wild roots of gardening and unearths a winter warmer

over North China, as their children still are in our years before. Chinese growers had distributed them, but nobody remembered where their home lay and the plants had grown peacefully old in Temple gardens away from the Tibetan mountains.

Farrer's particular variety, *Viburnum fragrans* (or *Farrerii*), is now days out of favour: we are all told to prefer its children, especially one which was bred in the great Welsh garden at Bodnant and called *Bodnantense*.

Probably the advice is right, at least for general garden value: the children are extraordinarily easy to grow and flower and the best form is probably *Bodnantense* Dawn, which is a generous pinkish-white and which turned up spontaneously

on a Suffolk nursery. It is not, however, as good as Farrer's parent at its best. I believe I have seen that best without visiting Tibet: a few years ago, in a bitterly cold January, I saw a superb old *Viburnum fragrans* which was covered in large heads of flower in a clear shade of white. The nurseryman who owned it was already over 80 and claimed to have planted it in late middle age.

It left me thinking that the true plant is probably misrepresented in many catalogues and that what passes as *Farrerii* is nowadays often something else. This fate has certainly befallen Farrer's wonderful garden, one of the most spectacular plants in the world, which has dwindled in quality since the years of its introduction.

If you want an experiment and know *Bodnantense* very well, I suggest that you look for a named subsidiary called *Farrerii* *canadensis*. It is an extra-white form which is very close to the one I saw in west Gloucestershire: some of the bigger nurseries listed and probably sell a truly special variation. It is quite untrue that it is difficult to grow or flower. Farrer found it in the roughest conditions among miserably stony soil where the winter was appallingly cold. He does not believe why its flowers needed their unusual winter scent in order to be pollinated. It is, however, a match for anything which an English winter can throw at it.

The disadvantage to these wonderful shrubs is simply that they have nothing to show during summer when their greenish leaves look rather dull. I have two ways round this problem. They are essential shrubs, and I still put the Dawn variety in my top five, but it is worth placing them beside a high



wall of the house up which you can grow a vigorous climbing rose. The rose begins to flower above the height of the viburnum's main thicket which usefully hides its bare lower stem. The tall climbing red Rose Stouffe de Hollande is excellent for the job.

The other possibility is to grow an early climber into the viburnum itself. I would not recommend a honeysuckle because it shows a truly political taste for life and strangles the branch which supports it. A strong climber is much more docile. I have had good results from the vigorous blue and pink forms of Clematis alpina which flower in late spring. If you plant them a few feet away from the viburnum, they have room to breathe and settle down. They run up into its lower, twiggy branches and cheer them up in spring. The viburnum needs no pruning unless you want to shape it: it will host a climber without any interference.

Our winter varieties mostly descend from Farrer's discovery. In south-west China, there were brilliant blue star-gestations on the same hillsides, peach blossom round the corner and scarlet fruits on the viburnum which Farrer ate "with avidity", spitting out the central kernel. Nobody eats the berries on *Viburnum fragrans*, except for the garden finches. The gardeners would not enjoy urban life with the viburnum's same gusto, but if you train a climber into its frame work instead, you too may see why gardening is so rewarding when it still close to its roots in wild nature.

Sexing the berry

THIS IS a good year for holly berries. There will be no shortage for Christmas, and this is an excellent time to take stock of these fine evergreen trees as potential garden plants. There are far more varieties than most people imagine, covering a wide range of leaf sizes, shapes and colours, including some that have no spines and some that bear red, amber and yellow berries.

Having introduced the holly as a tree, and they are quite capable of reaching a height of around 80 feet, I must explain that all varieties stand clipping and pruning well, and can be used for hedges or to be shaped in almost any way, though they are more suitable for large specimens than for small ones.

All forms of the native holly are hardy everywhere in the British Isles, but not always in the US, not solely because of the severe fluctuations in temperature but also because of the scorching effect of strong sunshine reflected from snow.

In addition to the common holly and its numerous garden varieties, there are hybrids between it and the *Madra* holly, which is by no means so hardy, and one might have supposed that some of the hybrids would reveal this weakness, but it does not appear to be so.

On the contrary, most of these hybrids are notable for their vigour and for the size of their leaves. Maybe a less hardy one which turned up were promptly destroyed, but I have never heard this authoritatively explained.

In nursery catalogues and reference books, the garden varieties of our native holly are listed under the name of the botanical name of the species and the hybrids between it and the *Madra* holly are listed under *I. alticola*.

When ordering plants, it is not necessary to include these scientific names, since, under international rules of nomenclature, there can be

no duplication between the garden names of such closely related plants. If, for example, you have seen and liked hollies named *Golden King* and *Golden Queen*, that is sufficient identification, even though the first is an *alticola* and the second an *aquilifolium* variety.

A peculiarity of most hollies is that male and female flowers are produced on separate plants. Only the females can produce berries and then only if fertilised with pollen from a male, so it is no use planting

be another large green hybrid holly, such as *Hodginsii*.

If you prefer either yellow or silver leaf variation, the first could be brought in with *Golden Queen*, a fine variety of the common holly; the second with *Silver Queen* or *Silver Milkboy*, all non-fruiting males, in spite of their names.

A holly that I grow and like very much is *Argentea Marginata*, which is female, fruits very freely, and has dark green leaves neatly edged with silver. It is one of the easiest varieties to obtain. I also grow *Madame Briot*, which has purple stems and leaves that are both edged and dappled with yellow, but I have found it slow-growing.

Another excellent green-leaved holly, with large berries freely produced, is *J.C. Van Thol*. It is a good variety for hedge-making, and some nurserymen have told me that it will produce berries on its own without a pollinator, but I have never had proof that this is so.

There are also at least two hollies with yellow berries, one named *Baciflora* and the other, probably the better all-round garden variety of the two, *pyramidalis fructu/leuco*. Hilliers Nurseries of Winchester has also raised an attractive orange-yellow fruited holly, which it calls *Amber*.

Finally, there are some beautiful weeping hollies and I have seen these planted on mounds, so that they have even greater height from which hang their stems.

Hilliers and Bridgeman Nurseries, Bridgeman, near Nantwich, Cheshire, stock the green-leaved, berry-bearing variety *Pendula*, and Hilliers also stocks one which has two names, *Argentea Pendula* and *Perry's Weeping*. This has leaves edged with silver and mottled with greyish-green.

Hollies are not fussy about soil and will reproduce freely from self-sown seed; in fact, in my garden they have become weed trees almost on the scale of sycamore.

Arthur Hellyer takes a seasonal look at the holly tree

only females, unless there happens already to be at least one male fairly close at hand.

The flowers, whether male or female, are so small that you must look closely to distinguish their sex. If the flower is male, it will have four to six stamens, if it is female there will be none.

Both silver and yellow leaf variation occurs in various patterns, but it is seldom completely stable, maybe more pronounced on some branches than on others, even within the same bush or tree and may disappear altogether from some branches. When pruning, any branches that are entirely green or which are supposed to be variegated variety, should be cut out completely, since they will be more vigorous than the rest, and for that reason will in time tend to take over completely.

One of the best hollies to grow for plain green leaves is *Camellifolia*, a female variety of *alticola*, with exceptionally large and almost spineless leaves and large, deep red berries. A male companion to ensure that pollen is available could

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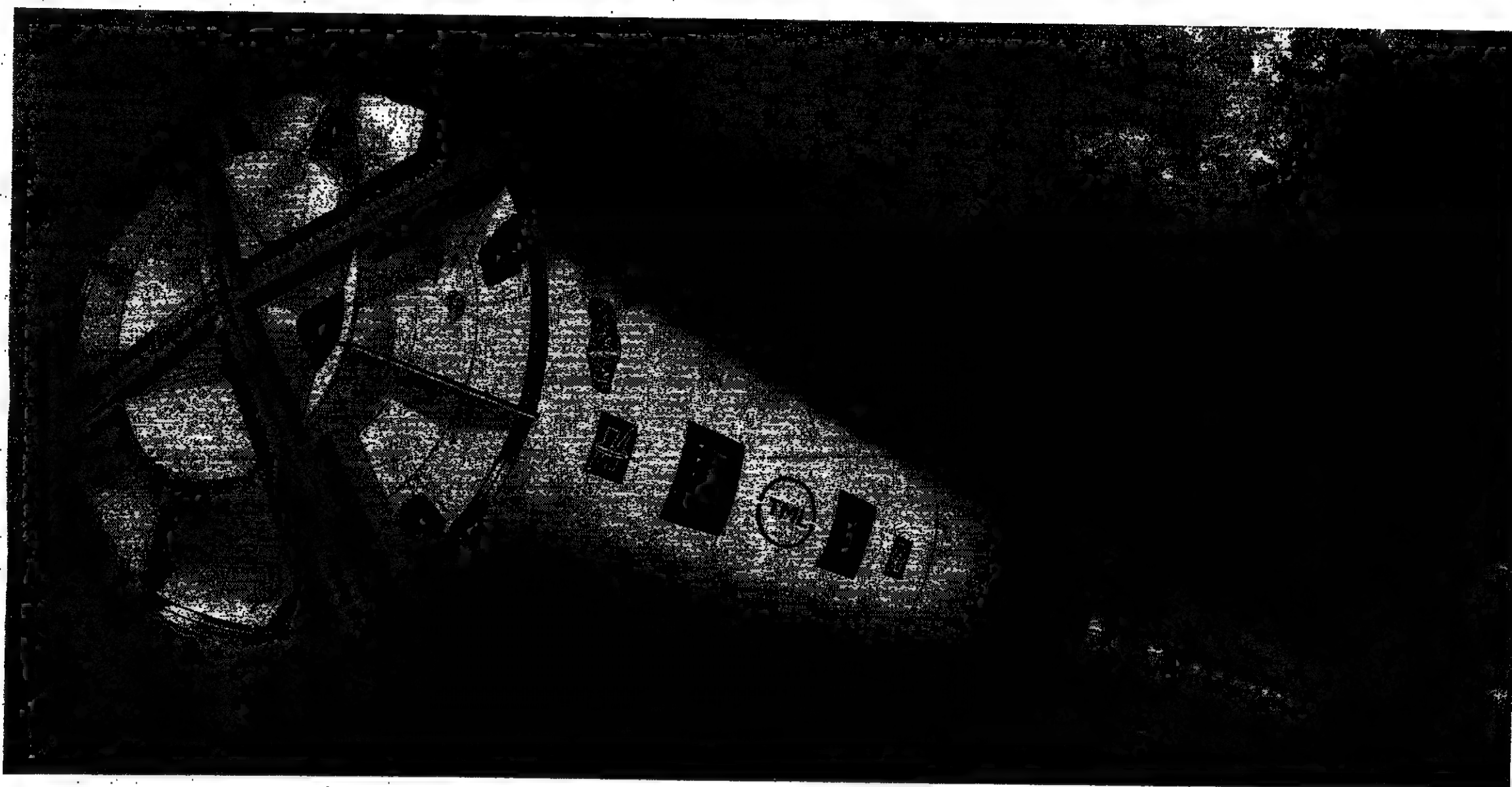
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1550 11/11/90

FINANCIAL TIMES DECEMBER 1/DECEMBER 2 1990

WEEKEND FT XXI

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TRAVEL SPECIAL - INDONESIA

Amsterdam of the tropics

You do not have to abandon comfort to enjoy Indonesia. But to travel in the most exotic parts, you could be advised to rough it a bit. That is what Nicholas Woodsworth did, starting in Jakarta. This is his three-page report

IBEGAN where it began for the first European settlers, on the edge of the Java Sea in old Batavia.

If you stand at the swampy mouth of the Ciliwung River today, you will find it hard to imagine that here once stood an Amsterdam in the tropics, a humid, orderly city of drawbridges and intersecting canals, red-tiled roofs and white-columned verandahs, sober churches and stone-cobbled squares. But when the merchants and administrators of the Dutch East India Company - one of the earliest joint stock corporations - set about establishing an empire in Asia 370 years ago, this was the gracious city they built.

There is not much left of Dutch Batavia now; it has been swallowed by Jakarta, booming capital of modern-day Indonesia and a giant Asian metropolis of more than 8m people. The dockside warehouses, once piled high with sacks of nutmeg, cloves, tea, pepper, sugar and coffee have given way to a vast container port more likely to be transshipping chemicals and Yamaha motorcycles than spices.

Most of the filthy, refuse-clogged canals, sources of malaria, cholera and typhoid epidemics even in the colonial era, have been filled in. Of the original walled city, only a few colonial buildings survive in a district now devoted to banking and commerce.

So much has Jakarta grown in recent years that just getting to and from the old city, only 5 kms from the downtown hotel area, is difficult. To see it, I left by taxi at 5am one morning, early enough to avoid the endless traffic jams that from dawn to well after dusk paralysed the 35-km length of the city.

Gliding along dark streets empty but for the prone and motionless forms of the city's sidewalk sleepers, I was there in 10 minutes. Returning in the sweaty midday heat through streets bursting with cars, trishaws, motor cycles, a thousand mobile food vendors and purveyors of fake Gucci watches, the journey took more than two hours.

Most tourists avoid Jakarta. Those in transit to Bali, Sumatra and other holiday destinations in Indonesia find it noisy, polluted, overcrowded and just too big to handle comfortably. They are right. But for anyone who wants to get a real feeling for today's Indonesia, a few days in Jakarta are indispensable. This is where 70 per cent of the nation's wealth is concentrated, where less than a dozen business conglomerates control most of the country's natural and manufacturing wealth, and where a vast, centralised bureaucracy decides the fate of countless villages. For 160m Indonesians, this is *Ibu Kota*, "The Mother City", the economic and political heart of a 13,000-island, resource-rich archipelago flung across an area wider than the land mass of North America.

If the city's ragged street-sleepers - homeless migrants from poor rural areas - are the first to stir in the early Jakarta morning, they are shortly followed by a very different type of early riser. Standing in ranks outside office blocks and performing deep knee-bends with military precision, Jakarta's white-collar workers and civil servants exercise together daily before heading for their desks.

While Indonesia may never match the efficiency and productivity of Japan, such officially encouraged Japanese-style practices exemplify the driving energy that has prevailed since Indonesia's oil-based economic boom began more than a decade ago.

Although still lagging behind the other nations of south east Asia, Indonesia is becoming the fastest-growing country in the region. The lag is evident in Jakarta's acres of tin-roof and packing-case slums, the under-employment of a third of its citizens, and a minimum daily wage that barely exceeds a dollar a day.

But just as astonishing is Jakarta's prosperity. Obscuring the slums are aluminium and glass skyscrapers, international hotels and multi-level air-conditioned shopping malls. While late model Japanese cars are the principal components

in any good Jakarta tall-back, Mercedes and BMWs proliferate. Today's Jakarta businessman might have a traditional Indonesian breakfast of *nasi goreng*, fried rice; he is just as likely, however, to grab a fast bite at Dunkin' Donuts.

From the chic, Dallas-style suburb of Pondok Indah, where satellite dishes compete with ornamental shrubbery, to the hectic trading floor of the city's stock exchange, Indonesia - at least as it is seen from Jakarta - seems to be racing pell-mell into the future.

Yet leave the hot, low-lying coastal strip on which Jakarta sits and point yourself in almost any direction in the archipelago. In many places Indonesian modernity is a fiction written on the most translucent of onion-skin paper.

While the Indonesia that lies layer upon solid layer beneath it may be more substantial, it is one of cultural tradition and practice not easily accessible to Western sensibilities. A 24-hour train-ride across Java to Yogyakarta is enough to project the traveller into a past that becomes more unfamiliar as the journey continues.

A few hours into the cool, green paddy-terraced hills behind Jakarta will take you back to the early anti-colonial days of Independent Indonesia. Bandung is not a name that now stands out in the annals of history. But for a brief period in 1955 this former Dutch resort of shady boulevards and curving art-deco architecture captured the attention of the entire world.

It was here, at the first post-war meeting of independent third-world nations, that Asian and African heads-of-state took a concerted stand against the world's great powers. Convened by President Soekarno, first leader of Indonesia and a vociferous opponent of the West, delegates of the Asia-Africa Conference pledged themselves to fight Western domination and professed deep ties of solidarity and co-operation with each other.

Walking through the conference



Indonesia's islands offer the chance for tranquil stopover before taking on Jakarta, the noisy and overcrowded capital

rooms - today a museum of peeling grey paint and dusty photos - is like walking through a hall of broken dreams. Here are pictures of Jawaharlal Nehru laughing with Chou En Lai as they stroll through the streets of Bandung - six years later India and China, the two giants of Asia, were at war. Also captured in photos are the smiling faces of the leaders of Cambodia and Vietnam, Iran and Iraq, and a host of other countries whose dreams of friendship long ago crumbled. So, too, with the downfall of Soekarno after 1965, crumbled Indonesia's militant anti-Westernism.

As the train continues to rumble further back in time towards Yogyakarta, it takes its passengers through some of the richest, most densely populated and intensively farmed land in the world. Java's centuries-old economic and cultural domination of the Indonesian archipelago is based on agricultural wealth. While the string of volcanoes that runs the length of the

1,000km-long island have wreaked destruction many times over the centuries, their fertile volcanic ash also allowed Java a prosperity unimaginable elsewhere in the tropics.

An intricate system of paddy field irrigation developed over 2,000 years gave rise not only to vast agricultural surplus, but to a high degree of social co-operation and development. This, and a maritime trade with India and China, gave birth to privileged urban elites in possession of the elements necessary to the building of civilisation - opulent wealth, leisure time and a drive for imperial expansion.

From the second century onwards, Java was the home of a succession of sophisticated Hindu and Buddhist empires with highly developed forms of cosmology, social law, art, architecture, and political organisation. Many of these traditions, along with earlier animist beliefs with which they co-existed, were woven into Islamic culture which came to the archipelago in the 1500s. Islam continues to

predominate today, but earlier traditions remain very much alive in even the smallest village on overcrowded Java.

All of these influences can be felt in Yogyakarta, cultural capital of the island. Like most of urban Indonesia, it is an unity concrete sprawl unable to cope fully with a fast-expanding population. But in its walled heart is an old royal city of 30,000 inhabitants - the retinue, guards and dependents of the Sultan of Yogyakarta, still regarded by some as a living deity.

Here in the courtyard of his palace, camera-toting tourists attend performances of royal court dancing, watch *wayang kulit*, the famous Indonesian shadow play of articulated puppets, or listen to a *gamelan* orchestra, whose strange xylophonic rhythms have been likened to moonlight or running water.

Perhaps not so strangely, most of the tourists here mill about somewhat bewildered. So old are these traditional art forms, so tied up are

they in layers of alien culture, that for foreign visitors simple intuitive appreciation is difficult. A court dancer may study for years before she has perfected a gesture of hand or eye, but the volumes of meaning such exquisite refinement holds is legible only to the adept.

I found a much greater rapport when I spent the afternoon on the banana-tree-shaded doorstep of an elderly tailor as he sewed uniforms for the sultan's guards. Sitting cross-legged on the ground in a thread-bare sarong, a pair of wire-meshed spectacles perched on his nose, he sang for hours to a score of bright, tiny birds ranged in cages around him. This, too, was a form of exquisite refinement, the result of centuries of life very different from our own.

So it is with much of Indonesia. The future acrobacies, the past endures. We look, we marvel at the strangeness of it all, and we move on. And from Yogyakarta, most move on to Bali, the island reputed to be the last paradise on earth.



On the island of Lombok, they've perfected the art of fly-fishing.

On this peaceful tropical island, just 30 kilometres from Bali, the local fishermen have developed a unique way of casting out their lines.

To clear the coral reef just off the beach, they make a kite from a large, dried leaf and a pair of sticks.

They then attach their baited hooks and fly them over the reef to catch the big fish on the far side.

Lombok is just one of the 13,667 fascinating islands that make up the Indonesian archipelago. Each one with a charm of its own.

On nearby Java, for example, you can visit the Borobudur temple, a huge stone building that has been described as the eighth wonder of the world.

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TRAVEL SPECIAL - INDONESIA

The gods look down on Phil and Andy

Just how will Bali's deities regard tourism?

IT IS sunset, and on the flower-scented island of Bali, playground of a thousand gods and devils, the tropical night falls with surprising speed.

It catches old men with their bird- and fish-shaped kites still sailing high in the air above rice paddy and bamboo thickets. It creeps by and almond-eyed Balinese beauties as they bathe in village streams and pools. It obscures the bright rainbow of prayer flags fluttering over the island's countless temples. Hiding the unlikely thievery of chickens pecking at sacred offerings of rice grains and sweet finger-bananas, it also pulls a dark curtain over volcanic Mount Agung, home of Bali's deities.

On the island believed by its Hindu inhabitants to be the navel of the world and by the rest of humanity to be Eden on earth, even the gods need their rest.

Night also falls on the Goa 2001 bar and restaurant in the Balinese resort town of Kuta and on Phil, Andy and Wayne as they sit inside, over cold beer. Unlike the gods, they, along with most of the inhabitants of Kuta, have little inclination for rest. Nor have they come for the night life: the Goa only really starts jumping around midnight.

They have met here instead to talk business; it is talk that is as driving and insistent as the hard rock that pours from the doorways of bars and discos the length of Kuta's main drag. Paradise is up for sale and going fast. And like the investors, developers and Kuta businessmen who have flocked to Bali, they want their share.

Phil and Andy are little different from hundreds of other westerners making a living in Kuta, the island's most heavily commercialised resort. Born in middle-class Sydney, Phil has knocked around Asia since his early 20s. Former seasonal surfer and sunset watcher on the once-calm beaches of Sri Lanka, and more lately exporter of Asian handicrafts to Australia, he has taken to the easy expat life on Bali. His friend Andy is a British free-lance photographer based in Singapore, and tiring fast of the pace and competition.

Now both in their middle 30s and married, they want something a little more steady, secure and income-productive. They have found what they are looking for in a small coco-

nut grove off Kuta Beach, and it is not coconuts. With their Balinese partner Wayne - foreigners are prohibited from owning land in Indonesia - they are discussing financing for land purchase and the construction of a luxury bungalow complex.

Bali, only 80 miles long by 50 wide, is today the most popular destination in Indonesia and in the middle of a tourist explosion. In July and August, finding a room in Bali without a booking is impossible, and hotels remain nearly full throughout the year. At the same time that scores of Phils and Andys are undertaking their own modest projects in Kuta, the Hyatt Regency in the nearby, up-market resort complex of Nusa Dua is putting up an \$80m beach hotel.

A visit to the flower-scented playground of gods and devils

Currently there are about 40 star-rated hotels in southern Bali; this year alone almost 20 more will be completed. Unrated hotels number in the hundreds. So forced has the rate of expansion been that the government has had to cap the number of hotel rooms planned for the next five years: it has not yet been able to provide the infrastructure needed by those already built.

Less than a decade ago Kuta was a small fishing village. Today it is a dense jungle of bars, discos, souvenir stands, frozen yogurt kiosks, photo processing labs and surfboard rental shops. Money-changers here will give you yen for lire; sandwich boards on street corners advertise magical mystery tours round the island; in neon-glowing Aussie Alley you can sign up for pub crawls that include beer races for the boys and wet T-shirt contests for the girls. Bali, as the sign outside the drive-in Burger King on the edge of town announces, is now the Home of the Whopper.

What passes all understanding is the fact that despite the gaudy commercialism, traditional Balinese society has more than survived - it is flourishing. Bob Monkhouse, a retired Australian academic who gave up ownership of the Barracuda

Bar in Kuta some years ago and now lives many miles away in a coconut grove that is still a coconut grove, remains amazed by Bali's resilience.

"When the first trickle of foreigners started coming here in the 1930s, Bali's traditional way of life was given five years of survival," he says. "When I came to Bali in the late '60s the trickle had turned to a stream. Today it's a deluge. We continue to hear the same dire predictions of cultural collapse, and Bali's villagers continue to carry on in the same way they always have. If anything, the Balinese have strengthened their society as a form of self-protection."

For Bali's 3m Hindus, a tight network of responsibilities to their ancestors, kin groups, caste groups, villages and, above all, their gods, have helped act as a defensive shield against cultural change. While foreign visitors are concentrated in the four tourist resort areas of Nusa Dua, Sanur, Kuta and Ubud, most Balinese continue to live in villages in the island's lush, intensively-worked interior.

Here a complex Hindu mythology, superimposed on strong animist beliefs, regulates every act of daily life. The Balinese calendar is an unending series of colourful religious ceremonies, offerings, purifications, dances and rites.

Nature, the creation of the gods, exists for the pleasure of the gods: if a plain surface presents itself, it is there to be artfully decorated; if an empty space in time intervenes, it does so in order to be filled with music. The Balinese remain what they have always been, a people of great spiritual creativity, sensuality and imagination.

This is a world where unpredictable spirits inhabit houses, highway intersections, rivers and fields; where during the harvest season the blessing of the rice goddess Dewi Sri is invoked each and every time a stalk of rice is cut. Malignant deities linger around every corner, benign ones look over every shoulder.

In a universe that is a stage for an unending struggle between the forces of good and evil, no act goes unperceived or unjudged by one of Bali's powerful gods. Only time will tell how those gods finally choose to regard the powerful and growing force of tourism.



A dance to the music of time: a dancer may study for years before she has perfected a gesture of hand or eye

TRAVEL GUIDE

Take the slow train

FOR THOSE with a taste for the exotic, Indonesia is one of the finest countries in the world to travel in. It has some of the most diverse landscapes, strangest customs, intriguing cuisine and colourful people anywhere. The largest island archipelago in the world, it is a country of huge distances and great contrasts.

But it is not a place that can be described only in the language of superlatives. What makes it fascinating is also the wealth of detail the traveller continually runs across. It may be a boy walking along with a tiny bird on his shoulder, a group of elderly men flying kites, or a family of five happily balanced on one very small motorcycle. Wherever one turns, there is something new and different to see.

Because of its size, seeing Indonesia involves travel in the real sense - getting from one place to another - and you may find yourself spending a lot of time in minimum comfort. But doing things like taking slow trains or crowded mini-buses can, in the end, make all the difference.

This is not to suggest that anyone should give up western comforts. For example, to stay in Jakarta's Mandarin Oriental Hotel, the finest in the city, is an utterly delightful experience. But getting out of the cocoon of first-class travel and tourist luxury from time to time can result in different but equally delightful experiences.

If you wish to see some of the more exotic and remote parts of Indonesia, you may well have to rough it a bit. Such places as Yogyakarta, Lake Toba in north Sumatra, Torajan in the highlands of Sulawesi, and Bali are all on the well-beaten track, and all well worth seeing.

On the other hand, the clear water of the Moluccas, stone-age Irian Jaya (Indonesian New Guinea) and the interior of Kalimantan (Indonesian Borneo) have barely been introduced to tourism, and offer few facilities. But talk to anyone who has travelled to them and you will want to be

Continued overleaf

Nights of beer and butterflies

Sulawesi is home to the Bugis, a fiercely Islamic people

THERE WAS a time not so long ago when children used to scare each other with stories of the boogeyman. If you went into strange dark places, the boogeyman would get you, and awful things would happen. I was in a strange and dark place recently, ran into a whole crew of boogeymen, and for the next few days had a thoroughly enjoyable time.

The Galaxy Bar, which sits not far from the waterfront in the port of Ujung Pandang in Sulawesi (the Celebes island), serves some of the coldest bottles of Bintang beer in town. But it is not just the beer which after dark draws the city's more raffish citizens into this quarter of silent warehouses and murky streets.

The Galaxy's chief attractions are its *Kupu-Kupu malam*, a name that translates literally as "night butterflies." Exotic female creatures of little movement and bright dress, they hover about the obscurely-lit bar, whisper with dim, male figures in the corners, and from time to time flutter upstairs. Those who clump up after them may think themselves hunters of butterflies, but it is they who have been caught.

The beer was good, the atmosphere as one might wish, but I was not in Ujung Pandang entirely by choice. That morning I had been on my way from Bali to the remote and unspoiled Moluccas, the original "Spice Islands" of colonial trading history. But limited air transport and over-booked seating had left me stranded in Ujung Pandang without a hope of getting there for days.

Nor were my two guidebooks very encouraging about my immediate prospects. One, commenting diplomatically on the character of the local people, said that their "courtly heritage is today preserved only imperfectly. The other was more blunt: they were judged to be "rough and coarse." As I sat wearily at the bar that evening, my preoccupation was less with butterflies than what I was to do next.

But my fate was decided for me. It was in the Galaxy that I met the Bugis, who changed my plans completely. I did not fly anywhere; instead I spent the next four days under winged Javanese canopies on the Javanese Java Sea. I ended up not in the Moluccas but on the equally remote shore of the island of Borneo.

The Bugis, a fiercely Islamic people who make their home on the southern tip of Sulawesi



On the tourist route: Indonesia's stunning landscapes include spring-fed rivers and terraced paddy fields

have for centuries been the greatest sailors, ship-builders and maritime traders in the Indonesian archipelago. Masters of navigation, they are believed long ago to have sailed as far as Australia and Madagascar in search of trade and treasure. A sea-faring people par excellence, their reputation is awesome - that some still sail without sextant, compass or other aids I can verify; that they can actually smell coral reefs or an approaching tidal wave, I am not wholly convinced.

The Bugis' reputation for toughness and aggression rests on their past, much of which was taken up with piracy, slave-running and other vio-

lenced with a suitcase and journalistic paraphernalia. I crossed the ship's impossibly long and spring-gang-plank very, very carefully, but without falling in. Some achievement, I thought at the time. I was cut down to size much later when I saw Fatma, a young Bugis girl also heading for Borneo, giggling as she scampered along the ship's narrow gunwales in a high, pitching sea.

The *Panca Anugerah* was a classic Bugis vessel, high in the prow and stern, low and wide-beamed amidships and made through her 120-foot length almost entirely of teak. These ships, still being built today, number in the thousands and can be found carrying cargo all over the archipelago. Some remain pure sailing vessels. Others, like the 360-tonne *Panca Anugerah*, rely on a combination of both sail and motor power.

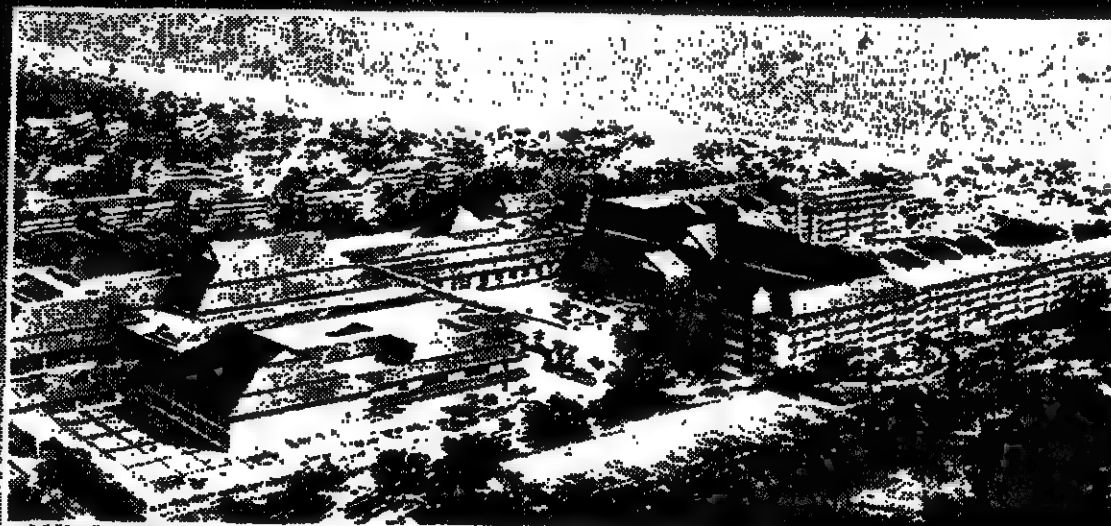
The distance from Ujung Pandang to the port of Banjarmasin in southern Borneo is about 750kms, a negligible distance in today's age of high-speed travel. With her huge mainsail and jib it took the boat four long days and three nights to sail across the straits of Makassar and along the Java Sea to Borneo.

The sarong-clad crew spoke not a word of English, and I not more than ten of Indonesian; we got along fine. We set out long lines and caught our dinner with plastic squid lures. We climbed out on to the bowsprit and watched dolphins racing the bow wave 20 ft below. We played guitar. Out on the main deck, where waves would break suddenly over the side and rush into the scuppers, we washed laundry and doused each other with buckets of sea-water. I spent a lot of time on the high stern poop behind the wheelhouse just watching the sea; turquoise by day, at night it turned to phosphorescent fire brighter than the stars. This was the slowest journey I am ever likely to take.

But there is other pleasure besides the excitement of speed. It is the enjoyment of being out on a vast, empty sea with only the wind around you. It is found in the total absence of urgency. In the slow, bright arc described by the sun, in the endless lift and fall of the hull. Day melted into night and back again, and the ship ploughed slowly towards Borneo. If there is anything dangerous about sailing away with the Bugis, it is the danger of not wanting to come back again.

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TRAVEL SPECIAL - INDONESIA



Listen to the band: In spite of the tourist onslaught Indonesians value their own cultural identity highly

Continued from previous page

on the first aeroplane, slow boat or bumpy bus there.

Both for package holiday-makers and independent travellers, here are a few practical hints:

Do not try to see too many places during your visit. The distances in Indonesia are so great, often requiring travel between one island and another, that you can spend entire days in transit. In Indonesia's larger cities, Jakarta especially, do not try to do too much. Atrocious traffic, vast crowds and high humidity can leave you exhausted.

Have all air and hotel bookings arranged well in advance. Northern hemisphere summer months, corresponding to the coolest and driest season in Indonesia, see the heaviest pressure on popular tourist destinations. Although the

Indonesian International airline, Garuda, and its domestic arm, Merpati, are increasing flights and upgrading services, you will be taking big risks travelling without confirmed seating.

The same goes for hotels. If you are going to Bali, try to make bookings at least four months in advance. If you stay in the beach resorts of Nusa Dua or Sanur on Bali, you can be assured of high standards of accommodation and service. But do confirm with your travel agent that the hotel you are booking is not in the middle of a repair programme.

One of the most beautiful beach sites on Bali is Jimbaran Beach. For the moment the Pansea Puri Bali (tel: 36187) is the only hotel on a long white stretch of white sand backed by coconut trees. Here you lose the enclosed tourist resort atmosphere that

you may find in other beach hotels.

If you are looking for something very special on Bali, try the Amandari Hotel (tel: 69529) near Ubud, in the middle of the island. Its palm-thatched garden suites offer you as close an approach to tropical paradise as any hotel can. Rooms range from \$200 to \$600 a night.

If you do travel without bookings to Indonesia's more popular destinations, or even with them to the outer islands, be prepared to do plenty of waiting while getting things sorted out. The Indonesians have an expression for the unpredictability of schedules, rendezvous and departures - jam karet, "rubber time." Buses often leave only when every last seat is full, small aeroplanes are subject to long delays, and boats can fail to show up for days.

Try to visit places off the main tourist routes. There are many lesser known but easy-to-reach places of great beauty and interest. Just 20 minutes' flight from Bali, for instance, is Lombok, an island as unexploited as Bali was 30 years ago. The Hindu villages of the cool, high interior are rarely visited, but are surrounded by stunning landscapes of sprigged rivers and terraced paddy fields. Stay there at the former Dutch colonial Hotel Surinadi (tel: 33886). It is simple and unpretentious, but like a thousand places off the beaten track in Indonesia, a pleasing surprise.

Nicholas Woodsworth travelled with Garuda Airlines (London, tel: 071-486-3011) which operates between London and Jakarta three times a week. In Jakarta he stayed at the Mandarin Oriental Hotel (tel: 62-21-321-307, fax: 62-21-669).

IF MARK TWAIN had been born in Indonesia instead of Hannibal, Missouri, it would have been in Muarataweh on the Barito River, deep in the heart of Borneo.

The town sits on a wide and muddy bend of the river, a tiny speck of humanity lost in the forest. Behind it lies the hinterland of the third largest island in the world. In front of it swirls a waterway as impressive as the Mississippi. Upstream, the fast-flowing Barito finds its source in remote and dangerous forests where few people ever venture. Far downstream, it flows out on to a muddy coast of swamps, mangrove and mangrove swamps, staining the water for many miles out to sea a ruddy brown.

Twain would feel at home in Muarataweh even today. Like the towns of the American interior in the early 19th century, there is a raw, new feeling to Muarataweh, a sense of barely tapped wealth and potential. It can be heard in the talk of the specialist expeditions of loggers and hunters, in the swagger of road-building engineers wearing yellow CAT baseball caps, and felt in the tough demeanour of camouflaged and jungle-booted soldiers just in from the forest. This, their behaviour says, is a wild, rough country, bustling with energy and in a hurry to get things done.

Stretching along a single street like that of a frontier town, you can find in Muarataweh's busy market all the implements proper to a frontier. Some shops sell picks and shovels for the mining of gold and diamonds. Some specialise in machetes, sawblades, axes and spare chainsaw parts for the logging industry.

On one side of the street out-fitters offer medical supplies, quinine and mosquito nets to those heading into the bush; on the other marine stockists sell spare propellers, rope, paddles and jerry-cans to those travelling further up the Barito.

Twain would have felt particularly at ease down on the waterfront, where all the life of the river - the only practical highway through the dense rainforest - passes by at close quarters. It was not the excitement of the river, but the excuse to pull in and tie up. Everything along these banks is built for life on the water - houses, shops, restaurants, latrines and police posts all bob up and down on rafts protected from will currents by floating logs. Even the children are amphibious -

My night with a gibbon

Deep in the heart of Borneo



born to the river, they are like shiny brown seals, spending more time swimming than walking.

Down here are the big river-ferry boats that have churned their way more than 400 kms up from the coast. They are just the largest of dozens of types of watercraft making their way along the river. There are simple dugout canoes; narrow sampan-like rowboats; flat-bottomed longboats built specially to avoid submerged obstacles, and fibreglass-hulled speedboats which can rocket you upstream with 250 hp of Evinrude energy behind them.

I arrived in Muarataweh after a three-day ferry trip up from the coast. It had been a rough journey. It was not the monotony, the solid wall of endless rainforest on either side of the river, that bothered me. Nor was it the conditions aboard the Tawfik - 84 metal-framed bunk beds crammed into a hold like a troopship's. Nor was it the ominous thumps and thuds all night long as the

ferry struck heavy logs swirling downstream upset me.

What got to me were the Kung Fu films. The Indonesian passengers may have been entranced by this day-long bore, but the video screens hooked up to blaring loudspeakers throughout the boat drove me almost mad. One more showing of *Return of the Shaolin Monks* and - ha! ha! ha! - I would have karateed the entire boat into shreds.

It was in Muarataweh that I met Larasita, a young Dayak woman heading upstream to her home near the riverside village of Poruk Cahu. Slim, vivacious and attractive, Larasita was in many ways untypical of the tribe of Seng Dayaks to which she belonged. A student of finance and banking at the University of Indonesia in Jakarta, she was returning to people who could not read or write.

The Dayaks, the indigenous tribe of the Borneo interior, may no longer shrink human

heads and hang them outside their longhouses but Larasita's gentle uncle, Tegon, is still an expert with blowpipe and spear, and regularly provides wild pig for the larier.

When Larasita learned on the 120-km speedboat ride to Poruk Cahu that I was interested in Dayak life, she immediately insisted that I stay with her uncle and aunt. Four hours later I was sitting beside her on the floor of a house in a jungle clearing, crunching on wild pig bones.

When I asked Larasita if she was not sad that the Dayak way of life is fast disappearing, her reactions were mixed. Yes, she agreed, the timber and mining interests now encroaching deep into the rainforests are wiping out traditional Dayak beliefs and practices. In her village of Konut only one still-raised communal longhouse, housing 70 people, is left. Outside, a totem-like wood-carving leans precariously, and will soon fall.

But, she insists, living in the jungle through hunting and slash-and-burn agriculture is hard and dangerous. What angers her most is that it is not the Dayaks who have profited from the interior's exploitation. Not far from Konut, on a large concession that used to be Dayak land, an American multi-national is developing a mine to extract highly concentrated gold ore.

The area is also criss-crossed with the roads of Jakarta-based logging companies which, conservationists say, are fast destroying one of the largest remaining rainforests in the world. When Larasita finishes her studies, she will return to Borneo to promote a more rational exploitation of resources in her own people's interests.

Dinner finished, we retire for the evening. The sounds of the jungle take over. Monkeys hoot in the forest canopy, strange birds call out and then fall silent, insects the size of swallows whirl away into the night. Larasita sleeps with her aunt in the room next door. I sleep on the floor with Donald, the family gibbon. All evening long he has been pulling the cat's tail, slyly drinking my tea when I am not looking, and running off with my pen and notebook.

Now, as I lie in bed, I hear long arms around my neck, and every time I try to disengage him he bites me. Not hard, but hard enough to let me know that he is where he wants to be. But I am also where I want to be. I fall asleep with the sound of gentle snoring in my ear.

In the midst of death...

Ian Thomson visits London's most famous overgrown necropolis

THERE CAN be no better place in which to contemplate a vanished world of death than London's Highgate Cemetery. The broken columns, draped urns and keening angels were once the richest and most beautiful of expressions of ourselves when faced with the mystery of the end of life - with what R.L. Stevenson called the "real insensibility of death."

Today we are unable to draw much comfort from this wealth of mortuary symbolism. With the dwindling of a religious belief in an afterlife - the consolation that we might ever join our loved ones - we have made death our last, most pervasive taboo.

There has been a shift of prudery one might say, from sex to death. We shy from death the way Victorians shunned their bodies. Advertisements on the London Underground now offer Highgate Cemetery as a work of art, one of our most fabulous outdoor museums. This is no doubt true: the distinctly Hawksmoorish mausoleum of Julius Beer, proprietor of the *Observer* newspaper between 1870-80, is modelled on one of the seven wonders of the ancient world - namely, the burial chamber of King Mausolus at Halicarnassus, in Turkey.

Although all six members of the Beer family have been stolen from the crypt, the press baron's folly nevertheless a wonderfully crackpot construction. It will cheer anyone inclined to the view, expressed - I think - by an Irish writer, that life is a serious disorder which ultimately proves fatal. Highgate Cemetery is only half-an-hour's walk from Tufnell Park Tube station. A visit to what Sir John Betjeman called this "Victorian Valhalla" is a good way to spend a Sunday afternoon. The pop singer Rod Stewart spent much of 1969 there, working as a gravedigger for £7 9s 4d a day. Where else can one find a monument to an officer who fell in the "glorious but disastrous charge of the Light Brigade"? Or, indeed, to Charles Cruik, founder of the dog show?

Rooting around the trifle-like profusion of ivy, I also came across the graves of Elizabeth Lilley, midwife to Queen Victoria (and the first to use anaesthetic in childbirth), Frederick Lillywhite, pioneer of round-arm bowling, and of Michael Faraday, who discovered electromagnetic induction. I even came across the tomb of Sir Charles Fellows, who brought back the Nereid

Tomb of Xanthos, now in the British Museum.

Highgate Cemetery is not, however, renowned for its truly eminent Victorians (for these, one should visit Kensal Green). It is the melancholy of the place, its distinctly Arcadian setting, which draw the curious. There is always Karl Marx, of course. But his memorial - a plinth of granite topped by an Old Testament head - is in the more recent eastern wing of the cemetery, which has little of the tumble-down quality of the western, or Old Ground. Besides, the monument to Marx is occasionally

lone sleep on the tomb of an animal-tamer, a faithful Labrador (also asleep) guards the resting-place of Tom Sayers, last of the bare-knuckled prizefighters. Even the tomb of a certain Jeffrey Archer, reputedly horse-slaughterer to Queen Victoria, is surrounded by - inappropriately perhaps - by a contentedly grazing pony.

In Highgate there are none of those baroque representations of death such as a scythe-wielding skeleton. And certainly nothing like the Capuchin chapel in Rome, where the walls and ceilings are covered in an ornate cemetery in

tombs: the lead lettering on monuments, bored out by ivy tentacles; the dark and winding paths snarled with brambles. Perhaps the ghosts would urge us to return the cemetery to its pristine state of 1839, when it was first opened by Stephen Geary, its architect-manager.

Certainly Geary - credited, incidentally, with the design of London's first gin palace - would be dismayed by the overgrown state of his necropolis, although he probably would not mind its ivy, too, is buried there. But he should be told that, for modern tastes, the abundance of foliage helps temper our shame or fear of death, softening the unthinkable into something romantic.

Take, for instance, Highgate Cemetery's Egyptian Avenue. Flanked by lotus and columns, its Pharaonic archway leads to 18 large metal doors, each opening on to a vault with shelves for 12 coffins. This could look pretty terrifying; indeed, Roman Polanski filmed parts of *The Dances of Vampires* there. But the attendant vegetation - viburnum, forget-me-not, honeysuckle - dampens the macabre. As it is, the avenue now recalls, with its marauding festoons of ivy, a setting from *Aida*.

This pleasing, almost pastoral riot of foliage should be taken into account by town planners. Cemeteries, as they probably realise, no longer occupy so important a place in the collective sensibility of large towns; they have become as hidden as death itself.

How many today, after all, would comprehend their proliferation of yew, cypress and oak Victorian symbols of sorrow, despair and hospitality? And so what better, as D.J. Enright suggests in *The Oxford Book of Death*, than to turn our Victorian cemeteries into "places of common and relaxed resort, like our few remaining botanic gardens, they have become as hidden as death itself."

Gustave Flaubert, a man so obsessed with death that he was able to divine the skull beneath the skin in even the corns that pained his feet, may have foreseen this possibility. Visiting Highgate Cemetery during the Great Exhibition, he wrote: "The graves I like are the tumbledown, ravaged and ruined sort, choked with brambles and high grass, with a cow that has got out of an adjoining meadow quietly grazing in them."

As far as I know, there are no cows in Highgate Cemetery. But you do get a peacock, which glides in from nearby Waterlough Park.

INDONESIA

THE MYSTERY, EXCITEMENT & WONDER OF THE EAST

In the world of travel, there are few places left that are big enough to satisfy the diverse desires of the demanding tourist. But rate leisure spots abound, as do good hotels and shopping centres, as well as comfortable transportation and satellite communication. But today's traveler wants more. They find it all in Indonesia, the world's largest archipelago. Experience our way of life, our festivals and ceremonies, our art and ancient culture. Lose on our white sandy beaches in Bali. Enjoy the excitement of Jakarta. Absorb the tranquility of our villages.

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BOOKS

My book of the year

Every year at the start of the Christmas season our regular critics nominate the books they have enjoyed most over the previous twelve months. This year we have made a change and introduced "High Table" rules — they have been forbidden to choose books from their own specialist areas

I CHOOSE unhesitatingly David Parlett's *The Oxford Guide to Card Games* (Oxford, £15) as a book likely to give me lasting pleasure. It is not a collection of rules and how-to-play advice — there are plenty of those already — but a work of scholarship lightly turned and of social history. For instance, that game of Ombre (pronounced "umber") in *The Ropes of the Lock* Parlett confirms that Pope "provides an authentic card-by-card account of the play of the hands." He goes on to explain how the game, originally Hombre (Spanish for man, i.e. highest bidder), was imported to England from the continent by courtiers at the Restoration and had an intense but short-lived vogue here in the 18th century. Parlett is a leading authority on *homo ludens*. He has much else of great fascination to impart in this pioneer work.

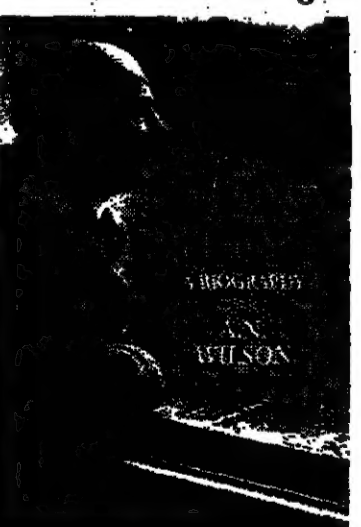
Anthony Curtis

There is no need to own a Georgian townhouse to enjoy *Life in the Georgian City* by Dan Cruickshank and Neil Burton (Viking, £25). By ranging widely, from castles to mouldings, the authors describe how a period of frenzied speculative building produced housing of such sober elegance. This is partly a specialist book, with plenty of stuff about "deeply quirked cyma reversa". However, I never mind a little mystification and the photographs are well captioned. Of particular interest are comments by foreign visitors: on London's pollution, the strangeness of the English in using peckey coal fires rather than porcelain stoves, and their uncouth habit of using tablecloths as napkins.

Patricia Morison

Penelope Fitzgerald's *The Gate of Angels* (Collins, £13.95) is a gem of a book. Lillian had a rich, quiet, sympathetic and funny story of a young physicist at a woman-excluding Cambridge college in 1912 and a poor apprentice nurse from south London, whose mother sold cow-bell to the glue-factory after she had already boiled it for broth, and who catches the big flu — and ironies — of class, belief and women's emancipation. The theoretical/spiritual life, heightened by cameo of fuddy-duddy yet sensitive dons, wrestles with the practical/carnal. Ghosts of medieval skullguttering still make trouble and there is a flourish of bathos when the hero tells his rector-father he has lost his faith. She always makes the reader complete the picture. The liberation at the end is as mysterious and promising as the Annunciation. Is she writing about physics or metaphysics or the place of academia or of women? The lot, and more. It is a treat.

Gerald Cadogan



Hunger and Public Action by Jean Drèze and Amartya Sen (Oxford, £27.50) is a book which may save the lives of millions. Drèze and Sen demonstrate that most famines have not been caused by an absolute lack of food in the countries concerned. More usually a small imbalance triggers a sharp downturn in purchasing power, with catastrophic multiplier effects. The instinctive response of rushing food from abroad and trying to deliver it direct to the starving seldom works well. By contrast countries such as post-independence India which have maintained the incomes of the poor by employment programmes have successfully defeated the problem. An admirable book, the result of careful empirical research. No specialist knowledge of economics is needed to understand it.

William St Clair

I read *The Best of Ogunyok* (Heinemann, £9.95) — a book of excerpts from the Soviet magazine — to prepare myself for a visit to the Ukraine. It was the perfect companion, filling in all the human details of life in the USSR that political coverage had failed to explain. I read about sausage meat, suicide rates, drop out children, male chauvinism, the use of abortion as contraception, Moscow gang warfare and drunkenness. None of it was very cheerful but all perfectly fascinating.

Rachel Billington

I would also like to recommend two books that affected me greatly. Firstly, *Life After Life* by Tony Parker (Secker and Warburg, £14.95), a book of interviews with convicted murderers which should make any sane person repudiate the idea of the death sentence for ever. Secondly, *My Son's Story* by Nadine Gordimer (Bloomsbury, £13.95), a novel exciting as a thriller, but also a delicate love story which gives a human face to racism and politics.

Paul Muldoon's *Madoc - A Mystery* (Faber, £14.95) is perhaps the year's most

fascinating and exasperating book. The title poem is an extended (247 page) sequence of short sections (some only one line long), each of which is named after a philosopher (the range is from Thales to Stephen Hawking), and which cumulatively give a colourful picture of what might have happened if those philosopher-poets Coleridge and Southey had actually realised their dream of founding a Pantomorphic community on the banks of the Susquehanna. Muldoon's wordplay and manipulation of form are bewilderingly inventive, and if the connections between text and title are often teasingly obscure, the playful virtuosity of the whole construction carries all before it.

Paul Driver

It is always a temptation to go for Elmore Leonard, the master of conversational prose, but since he wrote so many books so many years ago and since they keep cropping up in paperback at every bookstall in every airport and in every gin joint from Osaka to Casablanca and I never look at the publication date, a literal approach to the book of 1990 is better. In which case, though not as good as "Presumed Innocent" Scott Turow's *Burden of Proof* (Bloomsbury, £13.95) fits the bill, as the one book this year which was read in two sittings maximum. Mr Turow can tell a story, knows his law, knows his America and that is, pace Mr Leonard, reasonable enough satisfaction.

Jurek Martin

Drab: the term used by C S Lewis to describe ordinary, unglorified writing of the 16th century. I believe that when reading biographies of C S Lewis produced by some of his devotees. But A N Wilson's new biography — C S Lewis (Collins, £15) — is neither drab nor unglorified, and I recommend it as a gift for anyone who was impressed or disappointed by *Shadowlands* on the West End stage. Wilson indulges little of the Lewis hagiography: his portrait allows Lewis to be a bulky and a feminist, and reveals some of the intellectual insecurities of a genuine scholar. I think Wilson knows very well that there is no more catty bunch of egotists than those congregated in Oxbridge colleges, and his detachment from Lewis' academic enemies allows a proper regard to animate the biography. There is much about Lewis that is left only half-explored — his war experiences, and even his conversion to faith — but throughout, Wilson gives us substance: the sense that we are reading the life of a man whose life is really worth reading about.

Nigel Spivey

With the birth of my daughter in September, I am afraid my interest outside fiction has become rather obsessively maternal. I found Juliet Solomon's *Green Parenting* (Oxford, £6.95) the most refreshing of the pregnancy and child-care books, many of which seem to regard babies as badly-designed machines, their parents as ignorant attendants. She questions whether children always have to be entertained; is there not value in a child's ruminations, the beginning of creativity in a moment of boredom? She may sound pious at times and her suggestions are not always practical, but her gentle philosophy, which owes as much to Thoreau's self-sufficiency as William Morris's aestheticism, is an antidote to the blandishments of the child-care industry, to the baby in a Dior suit.

Wendy Brandmark

Ivan Klíma is from that apparently endlessly fecund spring of Czechoslovak letters, possessing a generosity of spirit and a willingness to produce works of fiction which are rather pieces of meditation upon his own and on our condition. In *Love and Garbage* (Chatto & Windus, £13.95) he has given us a reflection both on his country under communism and of a man writing under the twin and contradictory compulsions of love of one and marriage to another.

The central character, a writer whose manuscripts cannot be published by the regime, makes his living as a road sweeper. Here his thoughts are wholly free and they produce such lapidary insights as "Man is reluctant to accept that his life has come to a conclusion. In that most important respect — that his hopes have been fulfilled. He hesitates to look death in the face, and there is little that comes so close to death as fulfilled love". Worth being a road sweeper to think that: worth buying to read that, and much more.

John Lloyd

In this year of extraordinary change in South Africa, two extraordinary books have appeared at exactly the *moment juste*, to provide unique — and, in both cases, often horribly disquieting — insight into the country, the way its past haunts its present and future, and still locked (in spite of recent developments) into the crazy nightmare of apartheid. Rian Malan's *My Traitor's Heart* (Bodley Head, £14.95) is a testament of exhorting power and honesty.



a first-person attempt to face and understand the violence that has run like a main artery through the country's history. It is written with white-hot passion and is sparing of neither self nor fellow Afrikaners nor indeed of the Blacks so much feared by Whites. Alistair Spark's *The Mind of South Africa* (Heinemann, £16.95) is subtitled "The Story of the Rise and Fall of Apartheid" — an epic aim achieved with mastery, balance, compassion and the very best kind of journalistic lucidity. Alike for native South Africans and interested (but perhaps justifiably confused) outsiders, both books seem to me required reading.

Max Loppert

I greatly enjoyed A.S. Byatt's *Possession* (Chatto & Windus, £13.95), whose reverent and convoluted narrative grips the reader. Another very different book I found wonderfully rewarding was Lincoln Kirstein's *Memorial to a Marriage*, published by the Metropolitan Museum of Art in New York. Taking as its point of departure the Saint Gaudens memorial to the wife of Henry Adams, it leads us into the world of great Boston families, and thence to Europe and Japan. It is a Henry James novel in miniature, and marvellous.

Clement Crisp

As I have to read so many times without the benefit of pictures or illustrations and without even the slightest hint of humour, I have increasingly retreated into the rich world of exhibition catalogues. *Fake! The Art of Deception* (British Museum Publications, £16.95) meets all my too-often frustrated expectations. The paintings, drawings, antique objects and texts are superbly reproduced and of a decent size. The layout of the pages delights the eye. The technical details of deception and discovery are explained in terminology that makes the layman feel like the expert he is not. For the catalogue, like the exhibition, panders to one's intense, if somewhat perverse, pleasure in this demonstration of the fallibility of the scholar. Even the most experienced professional, the museum director, the art pundit or the all-knowing collector has been deceived. And there is the added consolation offered by the editor that one's own fake, even if discovered, will command a good price in the auction market of tomorrow. This is a book to delight in.

Zara Steiner

I am not an addict of spy stories, and no authority on espionage. I have never spied on anybody, so perhaps I am allowed to say that I found Christopher Andrew and

used to be called Julian and men Jocelyn, and why Muslims favour Zulekha and Aborigines (and everyone else) go for Kylie. There are enough cross-references to keep an insomniac cheerful for many nights; I have returned to this dictionary again and again for sheer pleasure.

Jackie Wullschlager

Pity the unfortunate starlet ministering to the needs of Ernst (Ninotchka) Lubitch in the privacy of his MGM office one afternoon in 1941. He had a heart attack and died on her, right there on the couch. It was quite some time before Billy Wilder, who happened to be passing, heard her cries for help and enabled her to get out from under him.

Or the blonde who turned up for a similar audition next day: "But Mr Lubitch can't be dead! He promised me a part in his next picture. Did he leave any messages?"

The Casting Couch, by Selwyn Ford (Grafton Books, £3.95), is a scissor and paste collection of similar incidents from Hollywood's long and not very distinguished history. It is smutty, salacious and singularly ill-written, but it tells you everything you ever wanted to know about the seamy side of film-making, and a lot more besides.

Nicholas Best

Despite the drought, for me this year has been the year of the garden and the greatest delight has been the company of Good Planting by Rosemary Verey (Frances Lincoln, £18.95). She has enlightened my comparatively new interest in practical gardening with her sensible remarks. What the book does is to provoke inspiration by making you look and think in the garden. She also makes the reader conscious of time and the seasons by her clearly ordered view of carefully synchronised planting. Andrew Lawson's colour photographs of gardens Mrs Verey approves of or has made show brave rather than self-consciously artistic plantings. I have loved learning new rules from this book so patiently because they are put over with such style and enjoyable seriousness. I read it every day.

Colin Amery

In a good year for reading, I enjoyed enormously Ian Frazier's classic *Great Plains* (Faber & Faber, £14.95): a fine evocation of the mares'-tailed skies, the short-grass prairies and endless horizons of the American interior. A wonderful book. But the one that stunned me was Rian Malan's *My Traitor's Heart* (Bodley Head, £14.95) in which this still-young ex-crime reporter returns to South Africa and launches a personal inquiry into the roots of violence. It goes beyond blackness, beyond whiteness, into the bloodiest reaches of the human soul. Poetic, and deeply shocking: an important new talent.

Michael Horovitz

The Broken Cord by Michael Dorris (Collins, £16.00) is a harrowing, beautiful, true story of a father's relationship with his handicapped son. When he was 26, anthropologist Dorris became one of the first unmarried men in America to adopt a child, a three-year-old Sioux boy named Adam. It soon became apparent that Adam suffered from Fetal Alcohol Syndrome, a form of chronic retardation caused by his mother's heavy drinking during pregnancy. Dorris persevered heroically as father, overcoming obstacle after obstacle to develop a uniquely intimate relationship with the boy, a relationship charted here with detail and feeling. Perhaps the best thing about this moving book is the way it avoids the pathos inherent in so many similar confessional tales.

Stephen Amidon

What's in a name? A host of cultural and historical associations that one could never have dreamt of, according to a Dictionary of First Names (Oxford, £14.95). This linguistic delight catalogue, 7,000 European and American names; I found out why hirsute Normans were nicknamed Algernon and catholic teddy bears Aloysius; how *Peter Pan* and *Come With The Wind* created two ever-popular names while *Lolita* severely diminished the appeal of another; when women

Michael Thompson-Noel

Three books, all of which should make very giveable Christmas presents. Noel Annan's *Our Age: Portrait of a Generation* (Weidenfeld & Nicolson, £20), because it shows the narrow intellectual confines by which his age put our age where it is. A Sparrow's Flight (Collins, £17.50), which is the slightly teasing title of the memoirs of Lord Hailsham. Clearly he wrote it himself, and it is more idiosyncratic and more fun than the memoirs of Denis Healey. A Time to Speak by Anthony Quayle (Barrie & Jenkins, £16.95): here is the story of a great actor/director, and it is a huge pity that he died before being able to tell it in full. Oddly enough, I think that you will find that the three books have a lot in common. Give them all.

Malcolm Rutherford

able celebration of his life. You are invited to pay him a bi-centennial tribute in a sentence which uses every one of the 21 letters in his three names and no others — i.e. your sentence will have four A's and only one Z.

Isabel Quigly

South Africa continues to fascinate, astonish, horrify and confound all predictions: it has been difficult to keep pace this year, but Allister Sparks's *The Mind of South Africa* (Heinemann, £16.95) is by far the best, liveliest and most humane introduction to appear. And Rian Malan's *My Traitor's Heart* (The Bodley Head, £14.95), for all its self-indulgence, is a crucially important glimpse into the deadly violence which lies at the core of South African (black and white)

Results and winning entries will appear in the Weekend FT on Saturday December 28. First prize in each sector will be £100 and there will be champagne for deserving runners-up. The Literary Editor's decision is not open to debate, correspondence or abuse.

MOZART Wolfgang Amadeus Mozart died in 1791 and next year will see consider-

A book which charmed me was Karl Lagerfeld's *Photographer* (Benedict Taschen, Munich). The camera is a recent passion for the couturier, who at first wielded it because he wanted good photographs of his clothes. Entranced by the art, he has created his own evocative and witty scenarios, "where the dream world meets the truth halfway". It is Lagerfeld's philosophy to re-interpret the classic styles of the past in his own contemporary guise and in the photographs I see homage to Atget, Baron, Meyer and Beaton. My favourite: the Fendi Sisters draped as Roman matrons, ditto sampling spaghetti, a Louis XVI statue by dusk and by dawn, and the Lagerfeld roll-top desk with papers spilling out of every drawer and an Houdon bust used as a paperweight. The book is beautifully printed in colour and black and white by Benedict Taschen, of Munich.

Jane Abdy

Ever since I read it earlier in the year I have been haunted by a disarming little novel called *The Neon Bible* (Viking, £12.99). The author is John Kennedy Toole, who committed suicide in 1968 at the age of 31 and is perhaps better known for a longer work entitled *A Confederacy of Dunces*.

A Confederacy... was a picaresque novel set in New Orleans, over-blown in its comic style and to my mind over-rated. *The Neon Bible*, by contrast, is an unpretentious and moving account of the life of a boy in a small Southern town — reputedly written when Toole was only 16. For so young a person the touch is sure and not at all self-indulgent. It is in this kind of unpretentious account, charting without the embarrassment the painful progress of innocence to experience, that American writers excel. For David, the neon bible over the local church lights up hypocrisy, not holiness. Sherwood Anderson did not die in vain.

Geoffrey Moore

As a struggling, would-be belle-lettrist myself, I have marvelled this year at the survival of the form — indeed, as the novel is dead again, vivacious writing has been found only in critical essays, or *feuilletons*, as we like to call them. Craig Raine's gathering of literary reviews, *Haydn and the Valve Trumpet* (Faber & Faber, £20), being neither dour nor journalistic, positively danced with wit, energy and scholarship — and quite made me envious with envy. So too did Robert Hughes's *Nothing But the Best* (Collins Harvill, £16), a collection of postscripter painters from Holbein to Warhol. Nobody can combine high octane fine phrasing with authoritative judgements like Hughes. He is the greatest living explicator of the visual arts.

Roger Lewis

A year spent on catching up on 1989's new fiction as it appeared in paperback, and marvelling at the riches that the more flamboyant successes of Amis and Barnes obscured. Jeanette Winterson's nervously ambitious *Sexing the Cherry* (Vintage, £3.99), combines prodigious imaginative feats and cunning historical sleight-of-hand with piercing, bringing-up-short feminist insights; Colin Thubron's *Falling* (Penguin, £3.95), a seductively simple, tragic love story about self-possession and containment, lodges in the mind for its limpid prose, effortless shaping and absolute lack of superfluous sentiment.

Andrew Clements

An enormous as well as a good read (814 pages of small print and not a dull one among them), David Cannadine's *The Decline and Fall of the British Aristocracy* (Yale, £19.95) makes a case for the author as expert outsider, the cool anthropologist whose sympathies are unknown. While showing enthusiasm for his vast subject, Cannadine has a clear-eyed, uninvolved, un-mobbed attitude that allows him to treat it with the right degree of detachment. "The perspective that is unapologetically that of the parastatist, not the trustee hunter," he writes (though the truffles he unearths are often delicious); public rather than private history, in other words, concerned with wealth, status and power rather than jokey gossip. Enjoyable, witty and learned, nonetheless, history perfectly pitched for the non-specialist to explain how "the lions of yesterday have become the unicorns of today".

Isabel Quigly

It has been a remarkably strong year for biography: substantial "lives" of Dickens, Proust, Wittgenstein, Paul Scott, Mrs Humphrey Ward, Edward VIII, Jean Rhys, Gertrude Trollope, the Lawrences (DH and TE), Nabokov, A.A. Milne, Driberg and Crossman, come to mind at once and the list goes on and on.

One that lingers in the memory — and certainly one to catch up on if you missed it — is Alan Judd's *Ford Madox Ford* (Collins, £16.95). It is something of a labour of love and may irritate those who are not yet convinced of the stature of *The Good Soldier* and *The Ties of the Good Soldier* (best of all, it will persuade them to go back to the novels — which is surely the best justification for literary biography).

J.D.F. Jones

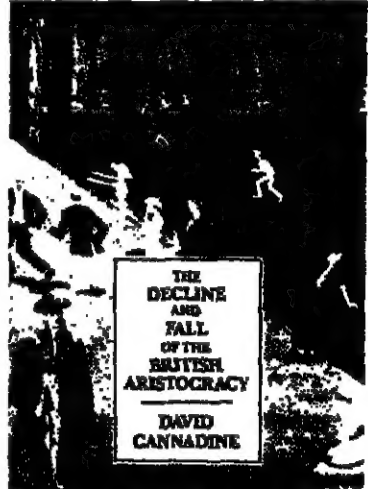
experience. Although not entirely to be trusted, this is an uncomfortable and compelling book.

Finally, as a convert bird, I am finding the new Complete Book of Southern African Birds (Struik, Winchester, Cape Town) invaluable. Lavish photographs, well-written information, but definitely not a field guide for the bush (unless you take an extra four-wheel drive), it is the essential coffee-table indulgence for addicts.

Mary Hope

More people should read Elmore Leonard. His crime thrillers deliver an urban America on the make and on the slide. Leonard habitually has the lone tough guy mixing it with the neighbourhood trash armed only with the obligatory S & W .38. Last year, he began to stretch the genre with *Killshot*, putting an ordinary suburban couple in a cold blood feud. And this year's, *Get Shorty* (Viking, £13.95), finds Leonard in Hollywood, sweetly cynical and casually nasty: his hot hero, the ultra-cool "Chill" Palmer collects debts and ends up a movie producer. It reads like a script; each scene starts as close to its own end as possible. The Leonard narrative lives in the knife-drawer: clean and sharp. Read it.

Andrew St George



The Bookers judges get it right sometimes. Antonia Byatt's *Possession* (Chatto & Windus, £13.95) is a brilliant tale of literary detective work, bound up with a fable about love and self-discovery. In the best post-modernist style the novel is electric, playful and full of subtle grace-notes. Byatt's pastiche Victorian verses could pass for the real thing, and the modern plot is the real thing: flesh-and-blood characters wrestling with the ghosts of our cultural past.

Nigel Andrews

In more frivolous mood I enjoyed Glen Baxter's *The Billiard Table Murders* (Bloomsbury, £13.99) in which the cartoonist extends his Boy's Own surreal style into a slim-volume story about death, billiards and levitation. Unputdownable.

I like a story that I can get my teeth into and was despairing of the modish "dirty realists" who prefer to get it over in six or seven pages when a chunky volume by Andre Dubus — *Selected Stories* (Picador, £13.95) — fell into my hands.

Here, too, are tales of middle and lower class suburban and rural America, ordinary folk coping with unexceptional crises, but Dubus takes time to build atmosphere and develop character. Most of the stories run to at least 20 pages, some to over 50. His careful descriptions of the externals — weather, place, time of day — contribute unobtrusively to the action and add to the reader's enjoyment. He is very good on young adolescents, male and female. He has a quiet sense of humour, especially evident when he writes about the problems of being a Catholic — a familiar but unfashionable topic to which he brings an unusual honesty and depth of thought even while raising a smile.

Alannah Hopkin

I should like to nominate Burton Anderson's *Wine Atlas of Italy and Travellers Guide to the Vineyard* (Duckworth, £25). In the past, the absence of detailed maps has added to the confusion caused by Italy's bewilderingly Byzantine wine laws. Anderson not only remedies this, he also provides us with a reliable guide and gazetteer to the individual regions. If its vast bulk makes the book cumbersome for non-motorised travellers, drivers at least will find this book adds considerably to the pleasure of getting to know Italian wine.

Giles MacDonogh

It has been a remarkably strong year for biography: substantial "lives" of Dickens, Proust, Wittgenstein, Paul Scott, Mrs Humphrey Ward, Edward VIII, Jean Rhys, Gertrude Trollope, the Lawrences (DH and TE), Nabokov, A.A. Milne, Driberg and Crossman, come to mind at once and the list goes on and on.

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J.D.F. Jones

CHRISTMAS COMPETITIONS

THIS IS THE WEEK when we always announce our Christmas literary competition, and as usual we have two alternatives — though you are welcome to try your hand at both.

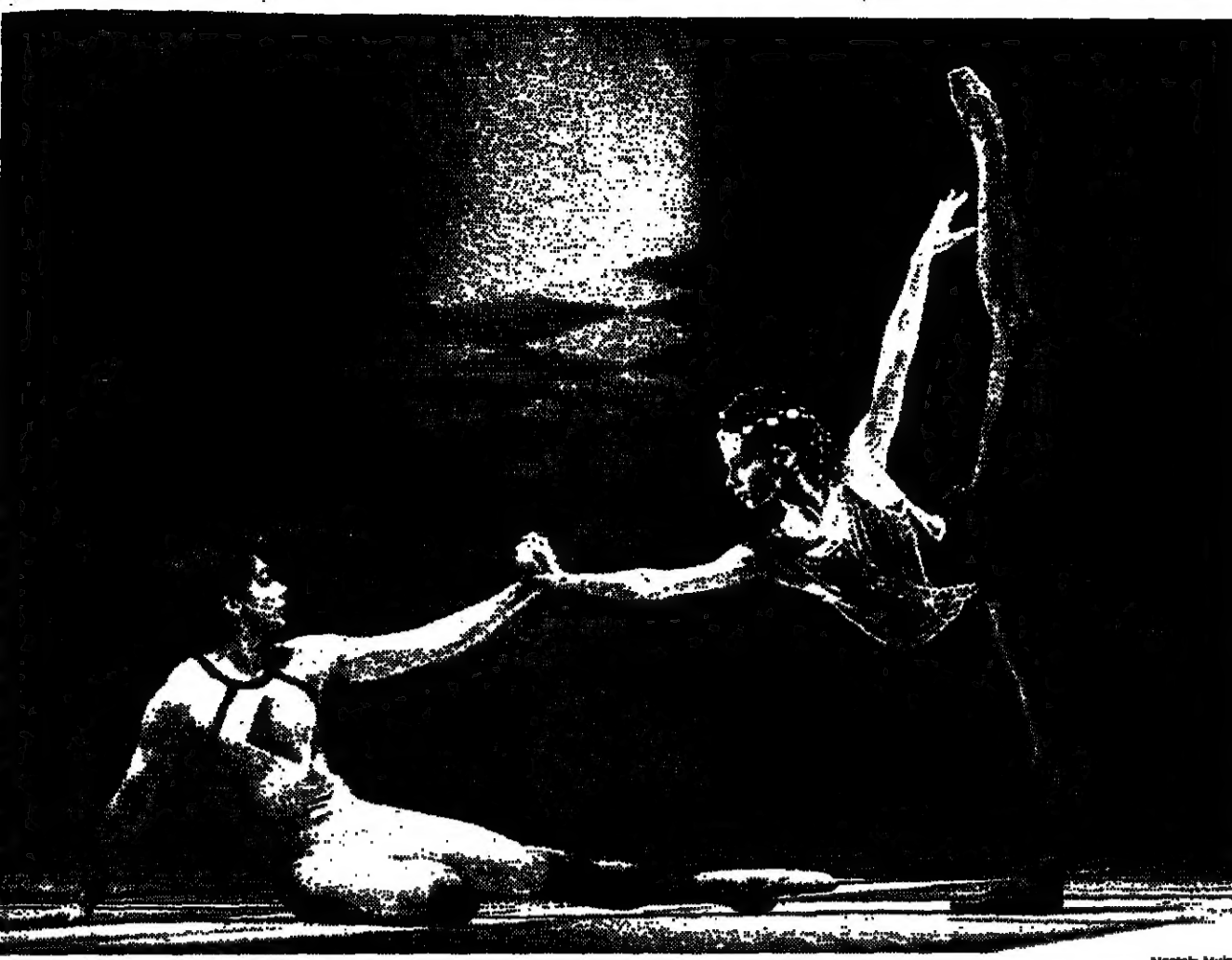
The closing date for both competitions is first post on Monday, December 17. Entries to the Literary Editor, The Financial Times, Number One Southwark Bridge, London SE1 9EL, or fax to 071-973 3197.

THE LOST LEADER Browning's poem *The Lost Leader* — "Just for a handful of silver he left us/ Just for a riband to stick in his coat..." clearly bears little relevance to recent events. It deplored Wordsworth's change of heart when he gave up his radical views.

You are invited to compose a new poem — or part of a poem, or an extract from a verse play, in any metre — of not more than 14 lines with the same title.

MOZART Wolfgang Amadeus Mozart died in 1791 and next year will see consider-

ARTS



Reminiscent of 'Metropolis' and 'Dr Who': Bruce Sansom and Doreen Russell in 'Bloodlines'

Dance

Some lifeblood needed

Clement Crisp reviews Ashley Page's new work at Covent Garden

IN A programme note for his new *Bloodlines* which received its first performance by the Royal Ballet on Thursday night, Ashley Page invokes as influences Tudor's *Shadowplay*, Ashton's *Les Illuminations*, and Aldous Huxley's *Brave New World*. Choreography makes inexplicable bedfellows, for this is *Futureworld*, where the workers have a symbiotic relationship with the factory, and blood pumps along the arterial tubing of the gantries and walkways of the host complex in Desmet's Fetherbridge's design.

Yet the two plainest references for the observer watching this added piece are the ones Page does not mention: *Metropolis* (whence the city and its serfs) and *Dr Who* (whence the wild improbabilities of the action). The dear Doctor would recognise the space-age architecture seen in Desmet's Fetherbridge's *Brave New World*, and he might also accept that a subsidiary trio in brown and gold ornaments are, in Page's neat phrase "another, nomadic breed" who have come to show off their gold chains to the workers. But, and here's the crunch, the Doctor would round in high dudgeon on the script-writers, demanding in the name of good Sci-Fi that something happen. (He might also

want to know how an Opera House dare present a sound-track as banal as the chinking and hordorgun provided by Bruce Gilbert as electronic accompaniment for these non-events).

For this is a staging in which nothing really occurs, dramatically or, alas, choreographically. There are natty little sequences of classic steps marked by Page's extensions of the academic manner, which shrink to nothingness beneath the looming presence of the setting, herculean characters meet, grapple briefly, and move on. The central focus to the piece is that Page and his collaborators are seeking to present a view wholly alien to the dance-theatre, and one already over-familiar from the cinema and television. The graver question is how after the misplaced activities of the *Plumage* at the end of last season - the Royal Ballet and the Opera House can yet again have allowed an ill-advised production to reach the stage in this form.

The new programme also brings the company's acquisition of Balanchine's *Stravinsky Violin Concerto*. It is, of course, a masterpiece, but it is the right Balanchine to be seen in the Royal Ballet, and it is the right Balanchine to be seen in the Royal Ballet, and it is the right Balanchine to be seen in the Royal Ballet.

Broken hearts and smokey voices

Jackie Wullschlager on a new musical biography of Marlene Dietrich

A WARNING. Read this review with Kenneth Tyrn's famous "Marlene makes blurb writers of us all" in mind. Part German revue, part American musical, Martin Flossmann and Alois Haider's new biography-in-song of Marlene Dietrich, *Marlene*, winds its way round our most vulnerable imaginings at the Kammertheater, Düsseldorf: love and loss, broken hearts

and smokey voices. First, the pronunciation: begin with a caress and end with a whip, according to Jean Cocteau. Like her name, Marlene Dietrich in this production starts off in the soft shadows of black and white films and moves on to hard kitsch in Las Vegas. Gert Becker uses the simple and effective device of huge double-sided screens, one black, the other star-spangled

pink, for the different settings. Bunny girls, applauded each time, run on to shift them between the 19 scene changes. It makes an appropriately public arena and it is the public story that we get. At least in the mythological telling, here is a life whose high points could have been scripted: the discovery of an unwilling actress who couldn't sing by film director Josef von Sternberg and his insistence that she be the Lola-Lola; the subsequent jealousy of the screen idol Emil Jannings when she out-started him in *The Blue Angel*; the invitation to Hollywood and the return to Europe in 1944 of the American "dream" officer in uniform to cheer on our boys at the front.

In between, the heart of this slick production - deep, throaty performances of the songs, from "Blond Woman" to "Ich bin von Kopf bis Fuss auf Liebe eingestellt" (I'm made up of love from top to toe) - a recent hit by the way, for a German rock star. Here is the buzz of early

film-making, Berlin gallows humour, French romance, wartime sentimentality ("Lili Marlene" accompanied by a harmonica).

How does a fake Marlene measure up to the real thing? The key is restraint without tipping over into cynicism or titillation. Becker wages to hold the elusive understated quality that Dietrich brings to films like *Morocco* and *The Devil is a Woman*. It is a triple achievement because he directs three Marlenes of equal strength, dark-toned voices, Michaela Kanitz is the cabaret girl who plays Lili Marlene in Berlin; Dorothea Kaiser the inaccessible androgynous in top hat and tails and Cesare

alone late Marlene; voice tender/dark, gestures delicate/butch, determination toting. (The interval debate among the audience on the sex of this late Marlene was almost as lively as the production.)

As the Marlenes supersede one another, the supporting comic interludes are welcome. Highlights are Charlie Chaplin rolling his "s" ("sauerkraut") to play Hitler with an inflatable globe dangled on a string by a bunny girl, and the tramp with the "Cockney" Berlin accent waiting for Marlene to revisit Germany in 1950.

In a varied evening, versatility comes into its own. Of the cast of six, three play one part and the other three the remaining 19. Wilfried Hochholdinger is the young Marlene fan, from her early lover to the Sergeant who gets to drink whisky with her on duty. The talented actor Peter K Hoffman switches in a matter of seconds from a Sympathetic von Sternberg, in white suit, fur cravat and red carnation, to a lusty Chaplin ("you are meat, Garbo is fish") and a snivelling husband, while Ursula Dordelmann plays sexual ambiguity to its comic hilt as Jannings, Goring and Liberace.

Video
Prepared for aliens

THE FESTIVE season is near. The most dependable of all Yuletide sights used to be that of family members coming in from the snow staggering under a weight of loss for the warm fire. Today, in the age of global warming and new home-viewing technology, it is more likely to be that of family members coming in from the midwinter heatwave staggering under a weight of heated videos.

The roaring VCR demands constant fuel. And it must not be fuelled merely for yourself or the kiddies. Remember that Gran is coming to stay, and that the turkey she will want to fall asleep in front of something long, opulent and reassuring. Let me suggest *Gone With The Wind* (MGM/UA) or *Lawrence of Arabia* (in a splendid, newly restored director's version (RCA/Columbia) or the newly issued, restored, four-hour *Cleopatra* (CBS/Fox). (So much restoration, so little time).

Gran, of course, is not the only audience you must allow for. Remember that Auntie Sue and Uncle Bert have threatened to visit on Boxing Day and what they like, as you know, is something fairly scary. I suggest one of CBS/Fox's enterprising "boxed sets": say, their triple bill of *Alien*, *Aliens* and *The Fly*. Or, if your visitors are in more playful mood, *Tremors* (CIC), a tale of giant worms in the Nevada desert, is as good a non-scary as sci-fi cinema has given us since *Them* and *Tarantula*.

Then there is the problem of the Reverend Victor Vestibula. He is an old family friend who likes to call in on Christmas Eve and ensure that everyone is watching a decent family entertainment. Remember to clear away all copies of *Halloween*, *Friday The 13th* and *I Fought The Law*. The Reverend would probably like to see you watching Steven Spielberg's whimsical, visually gorgeous *Always* (CIC) or the charming and slightly naughty *Young Woman (Buenos Aires)* or last year's hit Hollywood comedy *Look Who's Talking* (20th Vision). This last is a pleasant connection about a talking baby (voiced by Bruce Willis) and its sequel, *Look Who's Talking Too*, is moving in on cinema screens as we speak.

You must prepare too for the threatened visit of your egghead nephew Mortimer, recently appointed Professor of Semiotic Studies at Oxford at the age of 19. For him you had better consult the "BFI Compendium Video" catalogue. They offer outstanding foreign films like Visconti's *Ossessione*, *Winters of the King* (of the South) and *La Bête* (La Bête). If these are too light-weight for him, you can always order up the early works of Peter Greenaway: films like *Dear Peter*, *Water*, *Wreaths* and *A Walk Through H*, that show that before the time of *The Cook, The Thief, His Wife And Her Lover* Greenaway was a maker of delicate, witty short films as ingenious as crossword puzzles.

The possibility of a visit from your ageing cousin Frankie Funnybone, a retired music-hall comic with a fondness for check suits, cannot be discounted. You should therefore lay in some good comedies. I suggest *The War Of The Roses* (CBS/Fox), a violently funny tale of a warring married couple starring Kathleen Turner and Michael Douglas; or *Driving Mr. Snake* (Warner), the Oscar-winning heart-warmer about a crusty Southern dowager (Jessica Tandy) and her black chauffeur; or, going up-market a little, *Tail's* (the peerless *Four De Fée*, released by the BFI).

When all your visitors have been and gone, you can of course relax and tuck in to your own tastes. In the short term this will mean turning off the video altogether and going for a good healthy walk. In the long term, why not select a film from one of these little-trumpeted curios that are often more enjoyable on the small screen than video-reduced epics. This is *Spiral Top* (Channel 5) is a gloriously funny spoof documentary about a rock group from director Rob Reiner of *When Harry Met Sally*, *Blind Fury* (RCA/Columbia) is a pleasantly preposterous action film about a blind warrior-hero (Rutger Hauer), and *Revenge* (RCA/Columbia) is a quirky modern Western with Anthony Quinn chasing Kevin Costner all over Mexico and director Tony "Top Gun" Scott going into visual overdrive with the scenic effects and colour filters. Happy Christmas.

Nigel Andrews

Cheers No. 549:
1 Nbs Rds 2 Qd7, or Rcf + 2
No4, or b3 2 Qd4. Traps are 1
Nc2 b3 or 1 N(b2) other Rcf or
1 N(c3) other Rds.

Czech cinema

Dancing free or a collapsed puppet?

THE LIGHTS of freedom are going on all over Eastern Europe, but some lights take longer than others. Take the cinema, and take the country whose film industry in 1968 became a tragic victim of Communist suppression.

Visiting Prague a year after the Velvet Revolution, I found the movie studios rustling with controversy and one question in everyone's mind. Can there be a second chance for a country whose cinema was strangely at rebirth 22 years ago, just when it was producing Milos Forman's dazzling early comedies, Jiri Menzel's Oscar-winning *Closely Observed Trains*, Klos and Kadar's *Shop On The High Street* and other enduring fruits of the Prague Spring?

Today Prague still looks like a time-warped marvel. But history is examining its watch and saying "Get on with it." In January a bill unimaginable a year ago goes through parliament. It is designed to cut the strings of state subsidy over five years, leaving Czech cinema either dancing free or prostrate as a collapsed puppet.

Ian Knopick, head of the country's largest production company Kraky Films, is sombre about the dangers even though he helped to draft the bill. "Everything will be changed. The Czech film industry has been based on the idea of a state subsidy of commercial and artistic production. Because every film was paid for by special funds or incentives, its performance at the box-office was irrelevant. Now we must prove that culture and commerce can mix."

The main problem is people's mentality, says Knopick. As head of Czech Filmexport, he has to hustle good prices out of foreign buyers for everything from prize-winning Czech features to obscure cartoons. "Under Communism none of our producers or administrators had to have a strong business head, because it was all taken care of by the state. The same Iron Curtain which oppressed people for 45 years also protected them." As an example, he explains that all foreign films imported into Eastern Europe were bought for flat fees. If they made a profit, then the country making the purchase could keep that profit.

There were no losers in the artificial paradise of Communism, except for the foreigners and the quality-control levels of an industry in which every one had an assured job whatever their standard of work. That standard, suggests visiting American producer Stuart Cornfield, making *Kafka* starring Jeremy Irons in Prague, now has a huge leap to catch up to 1980s.

"Kafka is the biggest film

that's been made here since *Amadeus*. It's also the last film to be made under the old system of a nationalised Czech film industry with outdated manning demands. When the industry goes private, workers will have to face the fact that Western crews will bring their own personnel. We're already bringing much of our own equipment. There are some skilled craftspeople here, but not workers especially. But they can't build the sophisticated sets we want because they haven't kept up with state-of-the-art technology."

Discouraging co-productions like *Kafka* is the last thing the finance-needy Czech cinema wants. But equally it does not want to become a back-log for Hollywood or the Tinseltown of Western Europe. While Cornfield pinpoints Prague's dangerous allure as a city - "Hitler never bombed it, no one has altered its appearance, so it's matchless as a setting

Nigel Andrews
talks to film
industry heads as
state subsidies are
cut over five years

for a period movie" - Czech Film Union chiefs Elmar Klos and Ladislav Helge shudder at the idea of a plague of co-productions. "Under Communism we have no real character of any participating country," says Klos, veteran director of *The Shop On The High Street*. His younger partner is more pragmatic: "We will have co-productions inevitably. But at the same time we must keep the character of Czech films. For this we do not need millions of dollars. Look at your own country. The best period for Czech cinema was after the war when you made those low-budget films by David Lean and Carol Reed. They were inspiring and full of national character."

But this is 1990. How do you preserve the ideal of the little film in the age of the globe-conquering Hollywood blockbuster? Can Czechoslovakia turn the clock back to the wit and energy and "Czech-ness" of 1960?

"It is not possible to make a renaissance of the '60s" says the country's leading film-maker Jiri Menzel. He made *Closely Observed Trains*, and he won this year's Berlin Golden Bear for his once-banned 1969 anti-Marxist fable *Lark On A String*. "The '60s was a different economic and cultural age. The Iron Curtain was up, it was less easy for Western culture to come here. So there was no danger as now of a Westernisation of our cinema."

Menzel touches one of the

tender spots everyone in the Czech film industry winces at. Down the street from FAMU, the Prague film school where Menzel teaches, a cinema was showing Arnold Schwarzenegger in *Terminator*. "Fantastically film USA" declaims the poster, celebrating the new age in which alien corn from Hollywood is freely available in Wenceslas Square. Back in pre-liberalisation Prague free-world movies were also shown, but the authorities drew the line at violent fare. *Night* to Stallone or Schwarzenegger. Now the influx is permitted and inevitable.

"We used to make 35 feature films a year here," says Jiri Janousek. (Next year's industry projection is just six.) "It was artificially high because already the signs are grim. Job layoffs at the big Barrandov Studios are set to top 2000. And since liberalisation the audience for Czech films has declined by 33 per cent while remaining steady for Western films."

"So what will happen? Kraky already makes 1500 films a year, including shorts, commercials and features. Should Czechoslovakia shut down the game reserve and accept that more freedom may mean fewer movies, and that even those will be less distinctively 'Czech'? Already the signs are grim. Job layoffs at the big Barrandov Studios are set to top 2000. And since liberalisation the audience for Czech films has declined by 33 per cent while remaining steady for Western films."

"Everybody wants freedom," says Jiri Menzel. "But no one knows what freedom is. It brings responsibility. It's like someone coming out of prison. All his time there has been told what to do. Now he must tell himself. He's in charge of his own destiny."

"At the same time we must accommodate to survive. We must build a bridge between art and the market. The big mistake in Europe since the 1960s has been the artificial division between simple films and sophisticated films. On this side, Godard, Antonioni on that side. *Barbarella*. My message is, that age is over. We must make good films. Good in all senses. We must bring up our film-makers to have moral courage. So many movies, so many TV programmes teach us inessentiality. So much of our history is taught us intolerance. Now we must fight back!"

At which point, as if on cue for the new dawn, Menzel's first pupil on his first day of teaching at the end of Czechoslovakia's first year of freedom walked in.

Oregon improvisation

RALPH TOWNER'S quartet Oregon is often described as a key group of the 1970s. Using tabla and assorted ethnic percussion in a material which draws on Indian and African folk music as well as jazz, the group's distinctive improvisation has influenced more than a few musical tourists. Yet it is hard to pin down - especially since the personnel have so many instruments to hand. Towner himself alternates between 12 string and classical guitar, synths and piano; Trilok Gurtu, cross-legged, moves between tabla and sticks. The quartet's overall sound is far from synthesised, however, and Gurtu's tabla and hand percussion lend an evenness in tone; he does drum, of course, and it is interesting to see him work a foot pedal from the

beth Hall as part of the contemporary music network's "Moving On" season, the quartet's repertoire mixes free jazz with where this one takes us" improvisation with some humbling world jazz. Towner, a guitarist of some repute, is economical with his main instrument, saving the nylon strings and classical style for *Jazzet*, a solo piece. Most effort is put into the keyboard and its associated technology. Long time side man McCandless does the talking and takes the central role, his reeds giving bite to the atmospherics provided by his leader's tinkering. The quartet's overall sound is far from synthesised, however, and Gurtu's tabla and hand percussion lend an evenness in tone; he does drum, of course, and it is interesting to see him work a foot pedal from the

knelling position. Moore, who provided some extra excitement when his base collapsed on to his sandals, takes a strongly melodic line over and above providing rhythm.

But the collapsing base incident aside, the first set was rather lacking in excitement. The second offered more, opening as it did with a fiery tabla solo, and some Asian scabbling from Gurtu. More spooky improvisation followed finally opening up a bit of a dancing number. McCandless soloing sweetly on soprano.

Oregon may be stuck with a Seventies tag, but the richness of Towner's compositions and the group's natural sound ensure them a place with the 1970s New Ages.

Garry Booth

Pick of the Week

CHRISTIE'S

THIS major work by van Gogh was painted towards the end of the artist's troubled life. It was probably executed in October 1889 when, after a period of isolation, he ventured outside the asylum where he had confined himself to his room for two months following a severe epileptic attack. With its fresh blue and yellow tones, the picture is a celebration of nature and shows van Gogh's sense of joy at his own recovery. Being sold by the actress Elizabeth Taylor, the picture is included in the sale of Impressionist and Modern Paintings and Sculpture at Christie's, King Street on Monday, 3 December at 7.00 p.m.

For further information on this and other sales in the next week, please telephone Christie's 24-hour Auction Information Service on (071) 839 9060.

8 King Street, London SW1
85 Old Brompton Road, London SW7
164-166 Bath Street, Glasgow

Vincent van Gogh: *View of the Asylum and Chapel at Saint-Remy, 1889. Oil on canvas. Estimate: £8 million to £10 million*

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ART GALLERIES
"TRACES ON GLASS" an exhibition of artwork glass by John Weidner, James Denison-Pender and John Weidner at ARTIST, 105-109 New Bond Street, London W1, 5-6pm December 1990.
GALLERY DARGAR 14 Upper Road, East Dulwich, London SE22. Sunday 2nd and Monday 3rd December 1990 10am to 5pm both days. An exhibition of landscapes and abstracts entitled "Reflections of the Middle East" by Andrew Hughes. During recent travels through the region with a powerful and topical set of paintings "reflected variations on" by Robert Hughes on Chemical Warfare in the Gulf Crisis.
FOR SALE Large L.S. Lowry painting "Beach at Penarth" Tel: 0253 532222
ALLAN HANDS EMERSONIAN 5th Floor, 100, Pall Mall, London W1. Tel: 01-274 6100. 10am - 5pm.
L.S. LOWRY, JOHN PIPER Lithographs and screen prints Mon-Fri, 5.30-8.30 William Morris Gallery, 25 Abchurch Lane, London EC4N 3DF. Tel: 01-493 0722.
JOHN PIPER, Small painted prints, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 26

